



Five Year Operating Plan Calendar Years 2018-2022

December 20, 2017

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2018-2022 Operating Plan

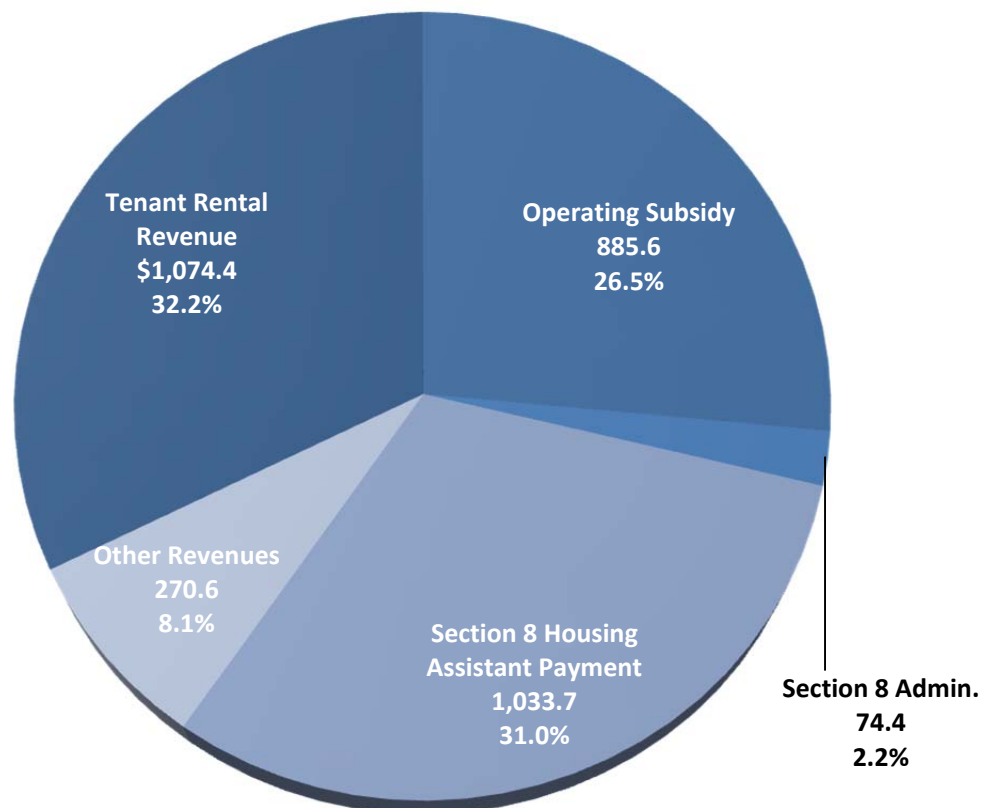
The New York City Housing Authority (NYCHA or the Authority) Board adopted the Fiscal Years (FY) 2018-2022 Operating Plan on December 20, 2017. This Five Year Plan incorporates initiatives to reduce the financial gap.

Overview

The 2018 Plan projects an Operating surplus of \$12 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.

2018 All Funds Revenue

(\$ in Millions)



NYCHA continues to experience a structural deficit stemming from ongoing federal underfunding, operating of approximately 4 thousand unfunded City/State public housing units,

as well as mounting “uncontrollable” costs such as pension and benefits related expenses. To mitigate the structural deficit, in May of 2015, Next Generation NYCHA (NextGen) was launched. This ten year strategic plan to protect and strengthen public housing changes how NYCHA is funded, operates, rebuilds and engages with residents, will help the Authority overcome the challenges of declining government funding and aging infrastructure.

2018-2022 Operating Plan Summary

(\$ Millions)	2018	2019	2020	2021	2022
<i>Revenues</i>					
Revenue from Operations	\$1,096	\$1,109	\$1,119	\$1,129	\$1,138
Other Revenues	2,243	2,204	2,207	2,205	2,229
Total Revenues	\$3,339	\$3,313	\$3,326	\$3,334	\$3,367
<i>Expenditures</i>					
Personnel Services	\$1,319	\$1,331	\$1,344	\$1,361	\$1,379
Other Than Personnel Services	2,008	2,010	2,011	2,000	2,003
Total Expenditure	\$3,327	\$3,342	\$3,355	\$3,361	\$3,382
Surplus/(Deficit)	\$12	(\$29)	(\$29)	(\$28)	(\$15)

FY 2017 Accomplishments

In the face of financial challenges, NYCHA continues to focus on its mission of providing safe and affordable public housing, while addressing the needs of our residents. 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 2017:

Government Finance Officers Association (GFOA)

After adopting the FY 2017 Plan, NYCHA submitted its 2017 Budget Book to a panel of independent reviewers, the Government Finance Officers Association (GFOA). In August 2017, for the third consecutive year, 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. Any type of government agency across the country can apply. This honorable award is for the transparency and accountability of the budget. NYCHA has received this distinguished award since FY 2015

and it is NYCHA's goal to repeat this accomplishment for its FY 2018 budget and for all future budgets.

Position Budgeting

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 Financial Planning and Analysis (DFPA) worked extensively with Human Resources and other participating departments to redesign the staff request process or Personnel Action Request (PAR). DFPA supplemented this new process with a series of Hyperion-generated reports to help departments with the transition.

The implementation of position budgeting provided DFPA 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 monitor Fulltime Equivalency (FTE) positions by area
- Improve projections

DFPA continues to adhere to the position budgeting process in Hyperion and has implemented additional measures of control through the PAR Approval Process, Staff Augmentation Approval Process and through the launch of the Financial Plan Application Database (FPAD).

Implementation of Personnel Action Request (PAR) Approval Process

In 2017, in order to complement position budgeting in Hyperion, DFPA revised the submission and approval process for Personnel Action Request (PAR) to further assist the executive team with tracking personnel service expenditures and maintaining budgetary controls.

To provide flexibility for departmental changes and organizational restructure, the budget responsibility will rest at the executive level.

Staff Augmentation Approval Process

Staff augmentation is an outsourcing strategy which is used to employ temporary projects in response to business objectives. The technique consists of evaluating the need and, if appropriate, utilizing external services with the objective of accomplishing a short-term project.

Prior to DFPA's effort of revamping the Staff Augmentation Approval Process, existing process of requesting of temporary staffing needs lacked extensive evaluation process. Furthermore, it needed clear guideline in following procurement requirements of encumbering the funds ahead of time to help determine proper FTE levels.

The revised process incorporates several steps to help ensure proper monitoring in use of this procedure. In addition to the designation of a new account to better track requests for temporary staff, DFPA developed a formal process for requesting temporary staff. The approval process

takes into account the FTE, financing requirement of the proposed project as well as monitoring of expenditures and payments for the duration of the project.

Financial Plan Application Database (FPAD)

Each year, DFPA develops a five year financial plan for the Authority (Operating and Capital budgets). Prior to the implementation of the Financial Plan Application Database (FPAD), the ability of executives from each area to review their proposed budgets was limited. FPAD was designed to address these issues by allowing the budget plan process to be more inclusive, consultative, and transparent.

The FPAD provides a platform for the inclusion of detailed information such as departmental functions/duties, organizational charts, Other Than Personnel Services (OTPS) needs by category, and requests for potential new needs. This information helps to determine the Authority's most efficient staffing levels as well as the optimal expense levels for OTPS. To assist department managers with the budgeting process, DFPA provided data on current staffing levels, current budget, and historical spending. Additionally, to help ensure successful implementation of this new process, DFPA invested a substantial amount of time and effort in providing necessary training to every budget liaison in the Authority.

Each departmental proposal was reviewed by the CFO and the administering EVPs based on recommendations by DFPA, and the proposals were accepted after careful evaluation. Through this effort, DFPA was able to successfully complete the Financial Plan, creating a more transparent planning process inclusive of necessary departmental input.

The FPAD will continue to evolve and expand its functions in order to help address NYCHA's staffing needs and to provide a mechanism to perform a comprehensive evaluation of other expense line items.

Cost Allocation Certificate and E-Confirmation Process

As required by federal regulations and as stated in NYCHA Standard Procedure 100:04:01, certification of funding is required to ensure workforce expenses are properly assigned and verified for each of the funded programs.

In 2017, as part of efficiency measures, DFPA replaced the paper-based submission process with an electronic confirmation process, thereby eliminating the use of paper while helping to reduce/streamline the response time by allowing users to confirm directly using the application.

Implementation of the e-confirmation process is part of NYCHA's ongoing commitment to improve and increase efficiency by transforming to a digital organization by leveraging technology. DFPA will continue to work toward achieving goals set forth in NYCHA's NextGeneration plan.

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 goal is to improve financial sustainability to help preserve and maintain valuable services to its residents. NYCHA is committed to achieving this goal by employing effective cost reduction strategies and by exploring opportunities to increase both existing and new resources for additional revenue.

Improving Rent Collection Performance

Since the release of the NextGen NYCHA plan, NYCHA launched several initiatives aimed at improving rent collection efforts such as automated rent-payment reminder notices and calls; NYCHA is engaged with the residents by guiding them to be aware of their financial responsibilities. Additionally, NYCHA is continuing to work with other agencies and non-profit organizations in providing education and assistance in this effort, some of which are as follows:

- Partnering with community-based organizations (CBOs).
- Providing residents with much needed financial education and coaching services to help prevent rent delinquency.
- Eviction intervention effort – NYCHA is working closely with the Human Resources Administration (HRA) to provide rental assistance to those residents in need.

Reduce Central office Costs

As part of NYCHA's continuing efforts to eliminate its structural operating deficit, it is critical that costs at its central office are addressed. As part of the planning process to help address controllable expenses, the following measures were implemented with DFPA in the lead:

- Reviewed departmental inefficiencies: Departmental executives reviewed their departmental functions and submitted proposals to address identified inefficiencies.
- Targeted headcount reduction of 3% to 5%.
- Discretionary spending reduction: The 2018 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. The benefits that result from this integration along with the realignment of operations will allow NYCHA to reduce its central office staff further by attrition. It is important to note that changes implemented in this plan will have no service level impact ensuring quality service to residents is maintained.

Housing Grant

NYCHA is currently working on a Memorandum of Understanding (MOU) between the NYC Department of Homeless Services (DHS) and the NYC Office of Management and Budget (OMB) in order for NYCHA to make apartments available sooner. Through this agreement, the City would provide funding to NYCHA to cover the costs of this program. Many of these units will be leased to homeless families.

(Re)Build

NYCHA's extensive portfolio, including buildings and open spaces, holds the enormous untapped potential to improve the lives of residents and the Authority's financial position and to 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 NYC Housing Preservation and Development (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 I (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. Below is a list of developments NYCHA has committed to this endeavor with the goal of preserving affordable housing:

- Ingersoll, Brooklyn
- Mill Brook, Bronx
- Van Dyke I, Brooklyn
- Betances V, Bronx
- Betances VI, Bronx
- Morrisania Air Rights, Bronx
- Sumner, Brooklyn
- Twin Parks West, Bronx
- Harborview Terrace, Manhattan
- Baruch Houses, Manhattan
- Bushwick II CDA (Group E), Brooklyn
- Justice Sonya Sotomayor Houses, Bronx

NextGen Neighborhoods 50/50

The NextGen Neighborhoods initiative was formed to generate revenue to reinvest into developments 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 the Holmes Towers and Wyckoff Gardens developments. The plan is expected to bring in over \$75 million during 2018 and 2019, and \$170 million from 2018 to 2022.

Below is a list of NYCHA developments that are included in this initiative:

- Holmes Towers, Manhattan
- Wyckoff Gardens, Brooklyn
- La Guardia, Manhattan
- Cooper Park, Brooklyn

Permanent Affordability Commitment Together (PACT)



PACT is New York City's implementation of the U.S. Department of Housing and Urban Development's Rental Assistance Demonstration (RAD) program. RAD allows NYCHA to generate revenue to reinvest back into our developments using the Section 8 program. Through its participation in PACT, NYCHA will be able to safeguard long-term housing affordability, improve and modernize apartments, and stabilize developments by giving them solid financial footing.

RAD at Ocean Bay (Bayside)

In December 2016, NYCHA closed its first RAD transaction at Ocean Bay (Bayside) in the Rockaways neighborhood of Queens, converting 1,395 apartments in 24 buildings from public housing to Section 8. NYCHA entered into a public-private partnership with MDG Construction + Design (developer), The Wavcrest Management Team (property manager), Catholic Charities of Brooklyn and Queens (social services provider), and Ocean Bay Community Development Corporation (resident outreach and engagement arm). The project is being financed with Superstorm Sandy recovery funds from FEMA, along with New York State Housing Finance Agency tax-exempt bonds and equity generated from federal 4% Low Income Housing Tax Credits. The project's total development cost is \$560 million and overall investment in the project is projected at \$325 million. Funds are being directed to extensive capital improvements, including the installation of upgraded heating and security systems, new boilers and roofs, and updated apartment interiors that include new windows, kitchens, and bathrooms. All rehab work is occurring with tenants-in-place; no residents are being relocated or displaced as a result of the project. RAD repairs will be completed in 2018 and the remaining FEMA work will conclude in June 2019.

RAD at Scattered Sites in the Bronx and Queens

In January 2017, HUD approved NYCHA's request to convert approximately 1,700 units in the Bronx and Brooklyn from Public Housing to Section 8 Project-Based Vouchers (PBV) via RAD/PACT. In May 2017, NYCHA issued an RFP to identify development partners to facilitate the conversion of funding, raise financing, perform the required capital rehabilitation, undertake property management, and deliver social services at the 17 affected scattered site developments, which are broken up into three bundles as follows:

- Bundle 1 (the Bronx): Twin Parks West (Sites 1 & 2); Franklin Avenue I Conventional; Franklin Avenue II Conventional; Franklin Avenue III Conventional; Highbridge Rehabs (Anderson Avenue); Highbridge Rehabs (Nelson Avenue)
- Bundle 2 (the Bronx): Betances II, 9A; Betances II, 13; Betances II, 18; Betances III, 9A; Betances III, 13; Betances III, 18; Betances V (partial); Betances VI (partial)
- Bundle 3 (Brooklyn): Bushwick II (Groups A & C); Bushwick II CDA (Group E); Palmetto Gardens

In January 2018, NYCHA selected development partners for all three bundles. Construction is expected to begin at the developments in Bundles 1 and 2 in 2018 and at the developments in Bundle 3 in 2019.

PACT Program for LLC II/Unfunded Units

In July 2017, NYCHA announced that it is expanding the PACT program to protect the Authority's unfunded unit portfolio, which consists of eight developments known as the LLC II developments, which are as follows:

- Baychester, the Bronx
- Murphy, the Bronx
- 344 East 28th Street, Manhattan
- Wise Towers, Manhattan
- Independence Towers, Brooklyn
- Williams Plaza, Brooklyn
- Boulevard, Brooklyn
- Linden, Brooklyn

The unfunded unit portfolio currently receives no public housing funding. To finance badly needed repairs at these developments and preserve their affordability, NYCHA is expanding PACT to create a public-private partnership and bring these units into the Authority's Housing Choice Voucher (Section 8) program. PACT's key principles, which apply to both the RAD and the unfunded unit portfolio, include protecting long-term affordability and guaranteeing strong residents' rights. This is accomplished by shifting the funding source for apartments to NYCHA's Section 8 program and by creating a public-private partnership with management and development partners to raise funds, efficiently oversee day-to-day operations, and complete badly needed repairs, including roof replacements, façade repairs, and security enhancements. Additionally, funding previously diverted to these developments from the rest of NYCHA's

portfolio will now go towards operation and maintenance at NYCHA’s traditional public housing developments. Completion of the full PACT conversion is expected by 2026.

In September 2017, NYCHA released an RFP to identify development partners to raise financing, perform capital rehabilitation, undertake property management, and, where appropriate, deliver social services at the eight affected developments. Community engagement and resident conversion began at Baychester and Murphy Houses in August 2017. As of February 2018, 83% of residents at Baychester and 77% of residents at Murphy have been converted to Section 8 for an overall conversion rate of 81%. Developer designation for these two Bronx developments is expected in 2018 and construction is expected to begin in 2019. NYCHA will begin community engagement and resident conversion activities at Independence Towers and Williams Plaza in Brooklyn in 2018.

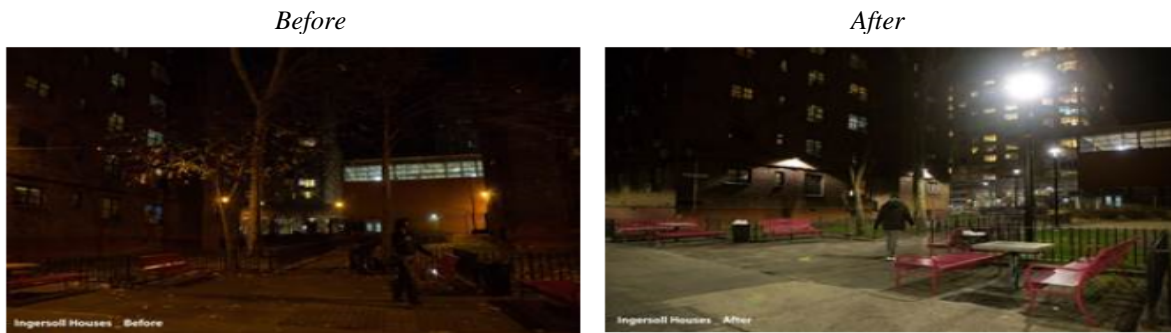
Operate as an efficient landlord

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

Improve Residents Safety

In March of 2016, in conjunction with the Mayor’s Office of Criminal Justice (MOCJ), and the NYC 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 is funded through June 2021.

Additionally, MOCJ has provided \$443 thousand for upgrades of the permanent lighting fixtures at two developments: Jefferson and Whitman. If this program succeeds, it may be expanded to include 80 developments.



Ingersoll – Permanent Lighting, March 2017

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.

In May 2017, NYCHA launched Phase 2 of FlexOps to expand service hours at 12 developments: Dyckman, Glenwood, Hammel, Isaacs, Murphy, Ravenswood, O’Dwyer, Grant, Beach 41st Street, Queensbridge North, Sedgwick, and Carey Gardens.

The pilot program was originally scheduled to be a four-month trial through September 2017. Reflective of positive feedback from residents and staff, and input from the staff unions, NYCHA is extending the FlexOps program through January 2019. The program will continue to help improve the customer service experience while enhancing residents' quality of life by ensuring necessary repairs and other critical issues are addressed in a timely manner.

Information Technology Solutions

NYCHA continued to reap benefits from process improvements via the use of technology.

Below are some of the highlights and status of key technology initiatives.

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 96,000 work orders. In 2017, MyNYCHA app received new enhancements to allow public space ticket creation for extermination and lighting and enhanced email notifications functionality for ticket creation scheduling and appointment reminders. Plans for more enhancements in 2018-19 include the ability for a tenant to view their last bill, create tickets for tenant complaints, report an issue with a recently closed ticket and push notifications.



Maximo Mobile (Handheld)

To help streamline the inspection process, NYCHA completed the rollout of handheld devices to approximately 3,750 NYCHA staff that have been provided with necessary training in the use of these devices. Use of this technology will effectively reduce response time and formulate proper measures to address issues. In 2018, plan for Maximo Mobile initiative includes enhancement to existing handhelds through the addition of functions related to the performance of inspections in the critical fields of lead and asbestos, security cameras and window guards. Addition of inventory management functions is also planned for 2018.

Leased Housing Recertification Process

In 2018, NYCHA continues to progress toward its long-term goal to replace decades-old, cumbersome and limited tenant management and rent collection systems. In 2014, NYCHA released a pilot of an online self-service annual recertification application, which eliminates the costs of printing, mailing, receiving, and then keying and storing hundreds of thousands of documents a year. Pushing this transaction to the web also reduces error rates as well as reduces the time to approve the reviews. With full deployment, averaging over 4,600 Section 8 applications per month which translates into approximately \$170 thousand per month; effectively reducing time and effort in the processing of applications. In FY 2017, estimated savings as result of this measure was approximately \$2 million.

Closing the Year

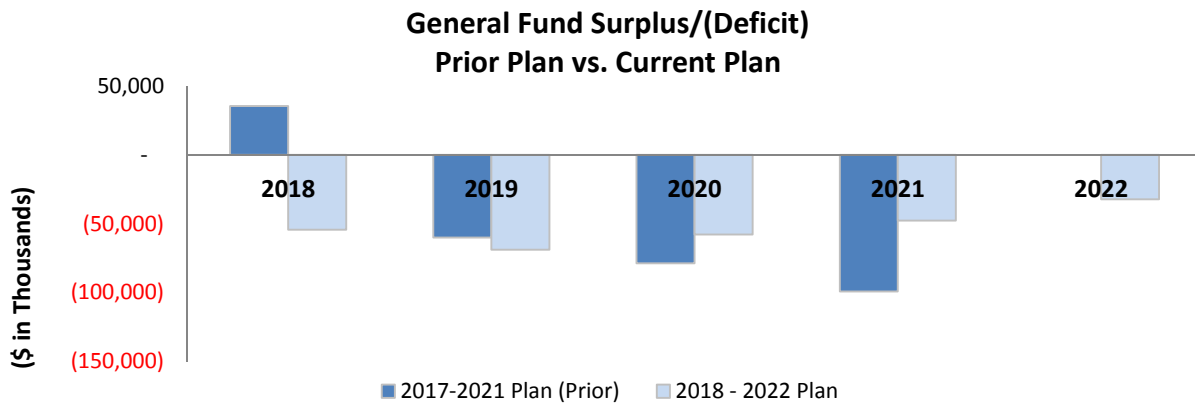
NYCHA has ended FY 2017 with a \$12 million surplus. Much of its financial success in FY 2017 can be attributed to an increase in federal subsidies and the continuing effects of NextGen initiatives. NYCHA experienced an increase in revenue as a result of a favorable funding appropriation in operating subsidy (known as proration). However, the positive inflow of funding has been offset by the items listed below:

- Revenue loss of \$6 million in Section 8 Admin fees as a result of a decrease in proration of nearly 7%.
- Nearly \$6 million for the seasonal program mainly for the temporary employment of skilled trade titles.
- \$17 million increase in Overtime expense mainly due to increases in wages.
- Rising cost of utilities (\$9 million) driven by increases in electricity rates and increases in the consumption of heating gas.
- Increases in the costs of various other expenses including Section 8 payments, leases, insurance and various others charges.

<i>(in Thousands)</i>	2017 Adopted Budget	2017 Year-end Actuals	Variance Adopted vs. Actuals
Revenue			
Tenant Rental Revenue	\$1,053	\$1,031	\$(22)
Federal Subsidies	\$1,819	\$1,916	\$97
Other Revenue	\$391	\$350	\$(41)
Total Revenue	\$3,263	\$3,297	\$34
Personnel Services:	\$1,342	\$1,297	\$46
Utilities	\$530	\$539	\$(9)
Contracts	\$217	\$203	\$14
Supplies	\$70	\$64	\$5
Section 8	\$966	\$987	\$(21)
Other OTPS	\$117	\$196	\$(78)
Total Expenses	\$3,242	\$3,285	\$(43)
Surplus/(Deficit)	\$21.1	\$12.2	\$(8.9)

NYCHA's long-term fiscal condition has improved significantly in recent years with the implementation of NextGen Initiatives. However, it is important to note that, without its ongoing effort to streamline its operations, and without continued financial support from the City, the Authority will be financially challenged in the years to come.

The 2018 Plan forecasts the General Fund deficit for FY 2018-FY 2022 to be \$54 million, \$69 million, \$58 million, \$48 million and \$32 million, respectively.



Above chart illustrates 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 rent. The FY 2018 adopted budget is planned to account for HUD’s historic underfunding of each of NYCHA’s programs.

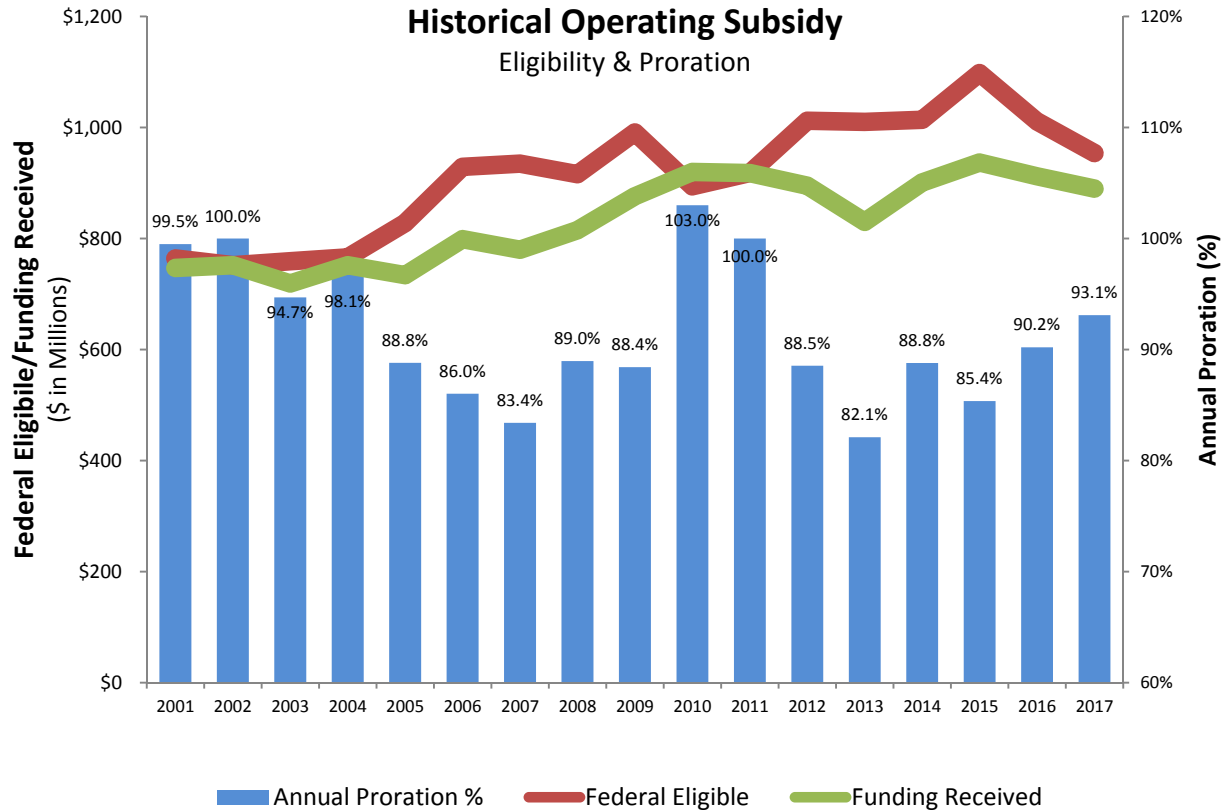
Funding Source	2018 Adopted	Historical 8-Yr Average
Operating Subsidy*	89.14%	91.40%
Section 8 HAP	97%	98.68%
Section 8 Admin	77%	80.74%
Cap Fund (\$in Millions)	\$306	\$302

* Effective Rate based on expected funding and eligibility

As discussed in NYCHA’s 2018-2022 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”).



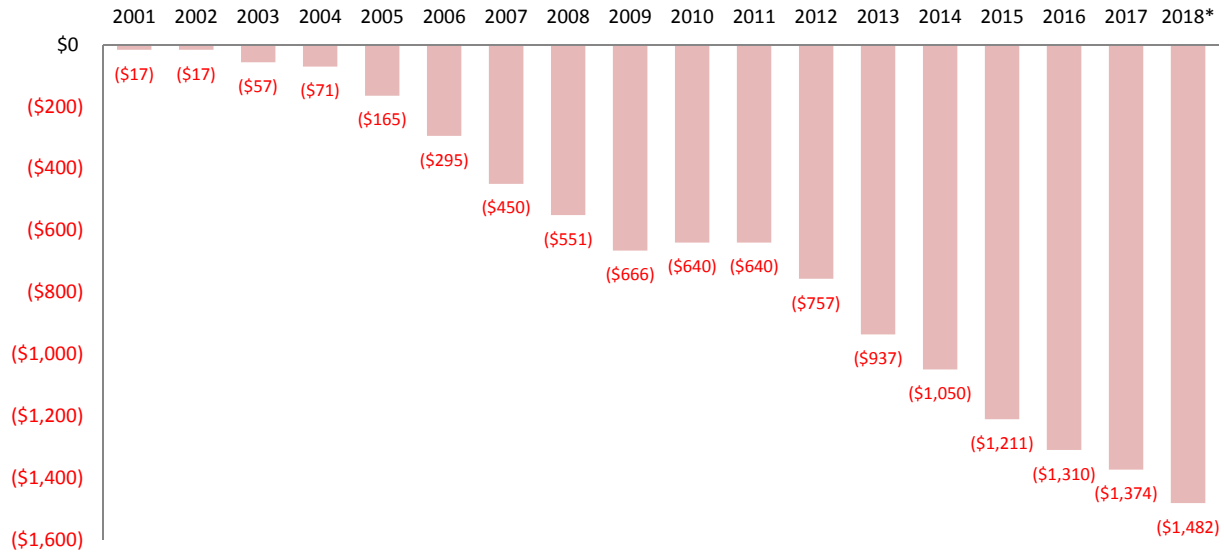
Underfunding of Operating Subsidy

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, NYCHA 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 housing authorities across the US.

Cumulative Operating Subsidy Funding Loss

(\$ in Millions)



* FY 2018 is an estimate

Historical data (2001 to 2017), as shown above, illustrates a cumulative operating funding loss of over \$1.374 billion as a result of proration.

In FY 2017, public housing authorities (PHAs) nationwide were eligible to receive \$4.6 billion. However, the final appropriation was \$4.3 billion, which translates to 93 cents for every dollar needed (effective proration at 93 percent).

For 2018 plan assumes a similar funding level as the previous year (2017). Based on projected eligibility, NYCHA is expected to have a loss of funding at around \$108 million. However, it is important to note that there’s a funding risk for FY 2018 as PHAs are currently subsidized based on a Continuing Resolution and the final appropriation will not be available until the Federal Budget and eligibility are finalized.

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 86,502 households served through a network of over 26,000 participating landlords.

NYCHA administers the program by providing rental subsidies to participating landlords on behalf of eligible tenants. Program participants pay rent directly to the landlord equal to about 30 percent of family income. NYCHA pays the landlord the difference between the tenant’s rent

and 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 (PHA). The annual renewal funding to the PHA is based on the total of the housing assistance payments made the previous year, adjusted for HUD's published inflation for the local market 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 the current year's allocation and funding availability, per unit costs, availability of affordable housing stock and changes in family incomes. Program administration costs are primarily determined by labor costs and mandated program compliance activities including annual eligibility recertification of participants and housing quality standard inspections of landlord apartments.

Housing Assistance Payments (HAP)

NYCHA provides rental subsidies to participating landlords on behalf of eligible participants through housing assistance payments (HAP). Unused rental subsidies must be maintained in program reserves by HUD and may only be used for the issuance of additional vouchers or to offset any shortfall in annual renewal funding. Because of fluctuations in annual renewal funding, HAP reserves 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.

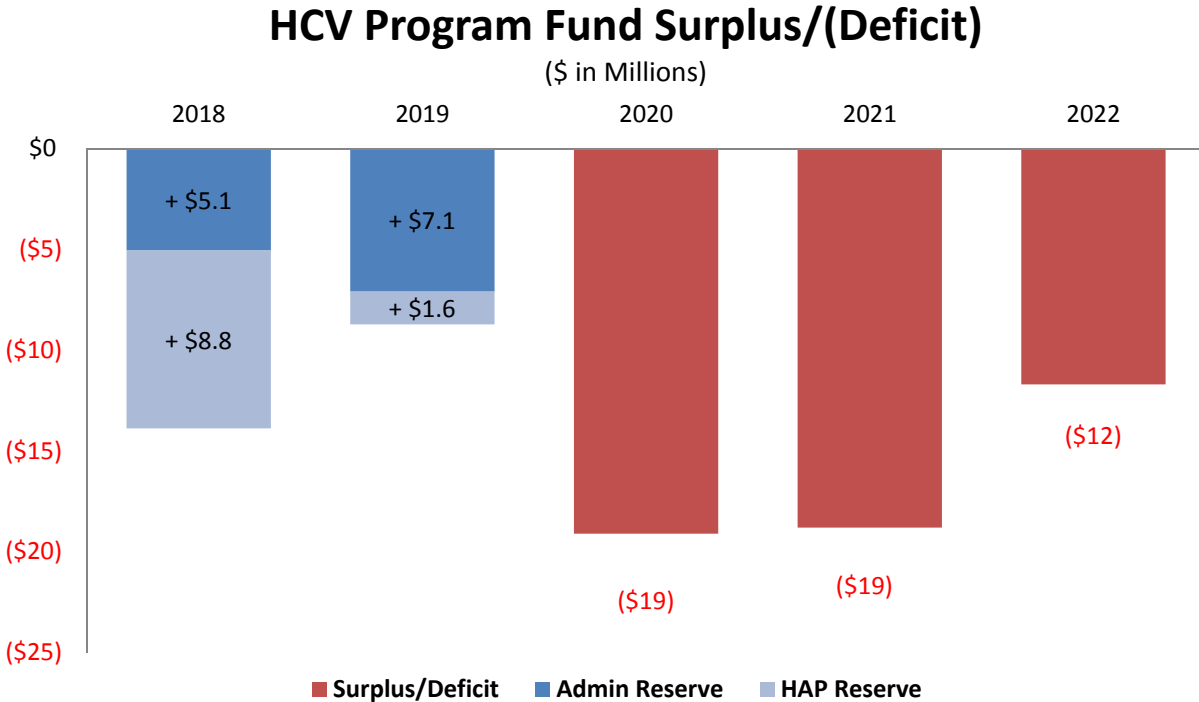
Based on estimated 2017 HAP expenditures of \$1.022 billion, NYCHA estimates the HAP renewal funding of \$1.034 billion in 2018 to be at 97% and adjusted for inflation. However, the renewal funding may modestly decrease in 2018 consistent with national renewal funding levels.

Administrative Fees

The administrative fees which are available to NYCHA for the administration of the program is subject to proration by HUD. In 2018 NYCHA expects a slight decrease in administrative fees earned due to a decrease in voucher utilization and allocation. In response to declining administrative fees, NYCHA has implemented several initiatives to streamline services, e.g. annual re-certifications, lease renewals, electronic self-certifications of inspections by landlords. Additionally, increased emphasis on project-based vouchers (PBV) and rental assistance demonstration (RAD) will mitigate the decline in voucher utilization.

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 \$13.9 million deficit in 2018 and an \$8.7 million deficit in 2019 to be completely supplemented by Section 8 Reserves, caused by proration and increased unit costs. However, historically the HCV Program deficits have always been fully funded by HUD.



This chart reflects HAP and Administrative Fees components of the program (+ represents HAP reserve).

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.

NYCHA’s City-funded Initiatives

The City has been very active in helping NYCHA and has granted NYCHA with approximately \$78.3 million in 2018 to fund several initiatives including:

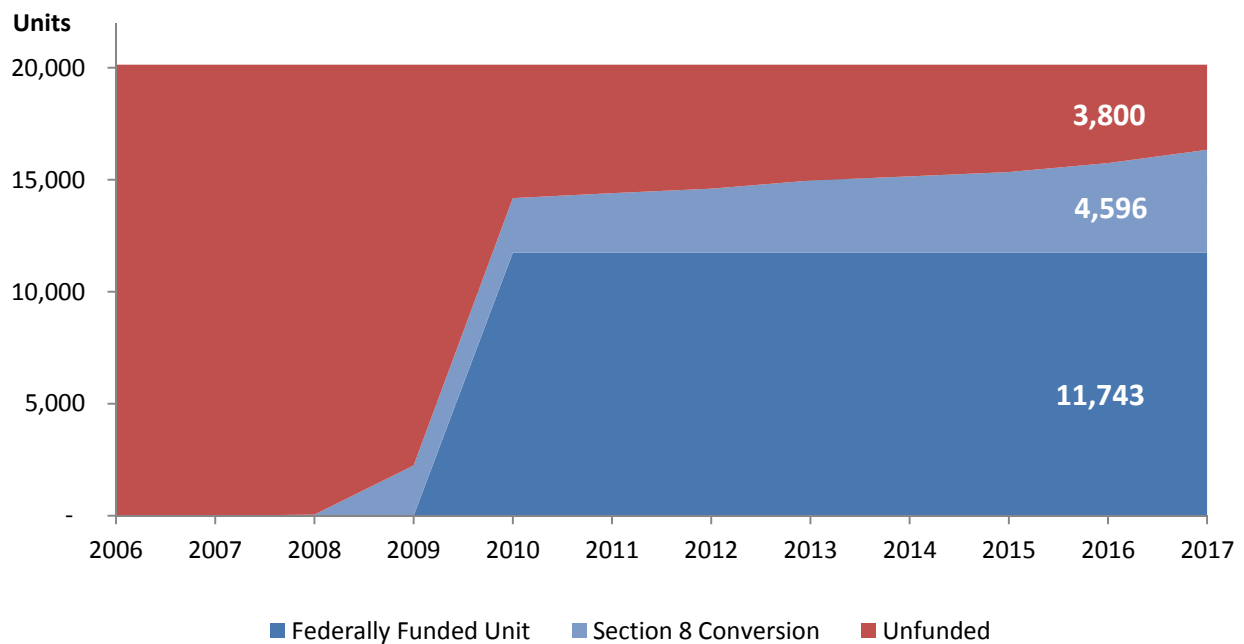
- The Housing Grant will provide \$55 million to house Department of Homeless Services (DHS)-referred homeless families in public housing;
- The Light Towers Initiative will contribute \$2.4 million towards installing temporary light towers in high-crime areas throughout NYCHA;

- A grant of \$10 million will fund an extension of the 2016 Light Study, which measures the impact of additional lighting on crime rates at various developments citywide;
- \$1 million for Lights upgrade and the Mayor’s Action Plan (MAP) program;
- The Extended Hours Program will grant \$2.4 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 with a \$1.4 million grant;
- \$4.2 million for right-sizing of apartments, and
- \$1.9 million for closed-circuit TVs.

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 11,743 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 the 8,400 units covered by the VCP, the financial plan assumes 4,596 units will be converted into the Section 8 funding model at the end of 2017.

The current Plan reflects NYCHA’s continuing effort to convert the remaining 3,800 units (approximately 2,149 City & 1,651 State units) by transitioning an additional 185 units in each year from FY 2018-22, into Project-Based Section 8 units. It is expected that revenue will increase from \$58.1 million in FY 2018 to \$63.7 million in FY 2022, as shown in the Section 8 Phased Conversion budget line.



2018 Outlook

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.

Unfortunately, the future of federal funding levels remain uncertain and even discouraging based on the current administration’s initial budget release last year (May 2017) which promised to reduce funding to public housing by more than 11%.

The potential loss of funding would be devastating to the Authority and would have a negative impact on the level of services provided to the residents, as each percentage point decrease equates to nearly \$10 million loss in funding. Moreover, even though the 2018 Federal Budget has yet to be finalized, Federal OMB released a proposal for the FY 2019 Budget which further slashes the current funding level by nearly 40%.

FY19 HUD Budget Request			
	Public Housing Capital Fund	Public Housing Operating Fund	Section 8 Voucher Renewals
Expected National Allocation	\$0	\$2.675 billion	Estimated 88.6% proration
Percentage Decrease	100% (from \$1.922 billion)	37% (Based on HUD 2018 Budget of \$4.245 billion)	11.4% (Based on 100% proration)
Loss to NYCHA	\$346 million	Approximately \$330 to \$466 million based on FY19 Budget	Loss of 9,897 vouchers (\$124 million annual shortfall)

FY 2018 Initiatives and Special Programs

Electronic Invoicing

NYCHA will be implementing electronic invoicing which will allow vendors to submit invoices (and all supporting documentation) electronically. This will not only eliminate the use of paper and the need for manual data entry, it will also decrease processing time and allow for faster payment to vendors. Currently, Accounts Payable receives paper invoices and then invoices and inputs the data entry manually. Implementation for Phase I – targeting an initial group of 20 suppliers of goods and materials – is on target for the end of the first quarter of 2018. The next group to be implemented will cover the remaining population of material suppliers. This should cover almost 115,000 invoices annually – thereby enabling NYCHA to process over 80% of the invoice volume electronically, eliminating manual scanning and manual data input.

Procurement Process Improvement

As part of the NextGeneration NYCHA initiative, NYCHA continues to undergo implementation of process improvement. Working with Supply Management and Operations, IT will be employing additional improvements to procurement processes in FY 2018 which are as follows:

- HD Supply Integration
- Deploy Vendor Evaluation system
- Expand Receipts Dashboard to Support Services and other Central Offices areas
- Decentralize release adjustment process to the field and improve efficiency
- Implement forecasting for Support Services

These essential and critical improvements will continue to help streamline processes, increase transparency and ultimately will improve service to NYCHA's residents.

Increase Contract Capacity

Faced with increased personnel service benefit costs, NYCHA is implementing a strategy to increase contract capacity. The FY 2018 Plan includes a \$74 million increase in contracts at the discretion of properties to address critical operational needs. The objective of this strategy is to supplement and support NYCHA's own frontline staff by reducing the work order backlog while reducing the need for unscheduled overtime.

An additional \$12 million was allocated to COCC in an effort to improve service in the maintenance of our systems. NYCHA is exploring outsourcing some of our non-conventional boiler rooms to a private management company. This will allow the redeployment of current staff to improve service and performance at the remaining sites.

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).

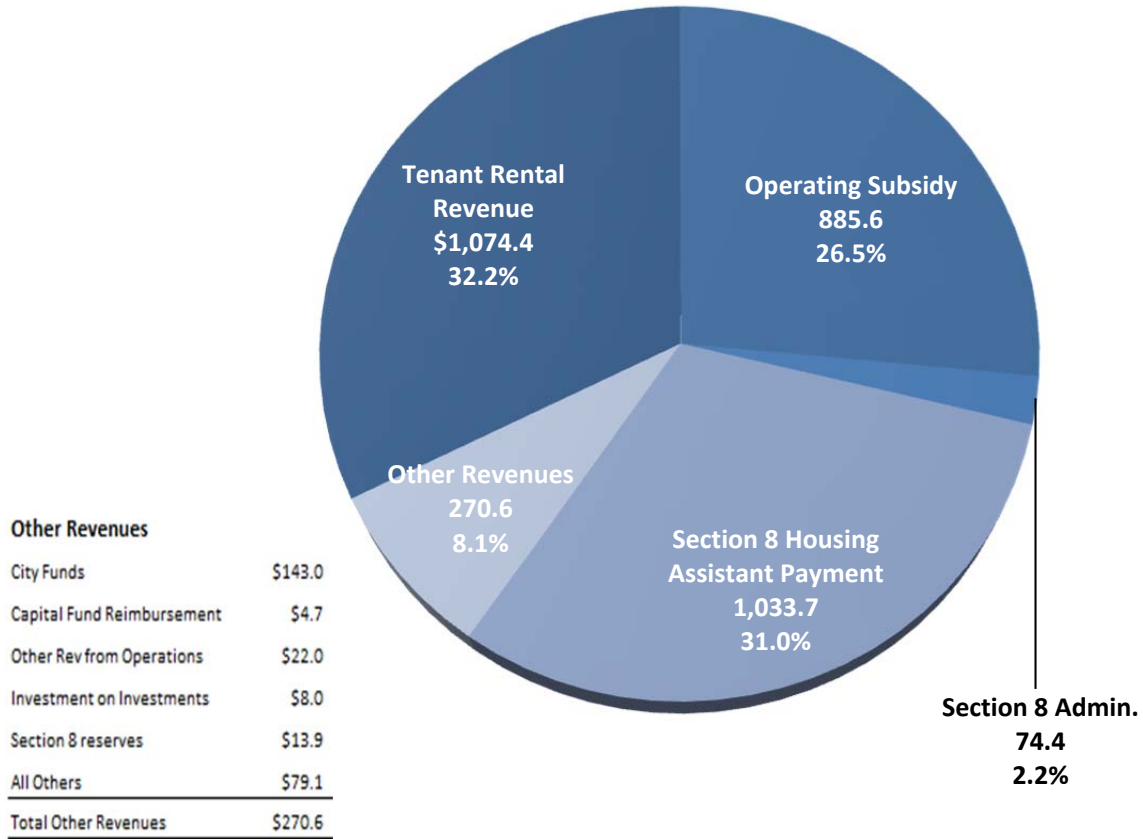
OPEB Disclosure

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, 2017, NYCHA faces a \$2.56 billion liability for OPEB. This liability remains unfunded.

Revenue Categories

The following chart shows the \$3.34 billion in revenues in NYCHA’s 2018 operating budget, by category:



Tenant Rental Revenue and Federal Operating Subsidies account for nearly 58.7 percent of total revenues while Section 8 Subsidy for HAP and the Administrative Fees accounts for 33.2 percent of total revenues, as shown in the chart. The remaining 8.1 percent consists of many different components, but mainly Capital Fund Reimbursements and City Funds.

Tenant Rental Revenue (Dwelling Rent)

Projected rent paid to NYCHA by residents, or Tenant Rental Revenue, represents 32 percent of total revenues in FY 2018. 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 \$1.07 billion in FY 2018 to \$1.1 billion in FY 2022, a compounded growth rate of 1 percent.

Federal Subsidies

This Plan projects the Federal Operating Subsidy to be \$886 million in FY 2018, increasing to \$938 million in FY 2022. 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.

For FY 2018-2019, however, based on available guidance, funding levels were projected using a proportion of total available funding (congressional appropriation) at the FY 2017 level (NYCHA received approximately 20% to 23% of the total national appropriation). For FY 2020-2022, a proration factor of 87% was used based on the FY 2017 Adopted assumption. In 2017, the Authority was eligible to receive \$954 million, however, only \$890 million was received, a shortfall of \$64 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 4,596 units will be converted by year-end 2017, securing an estimated \$55 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 \$52 million annually.

This Plan reflects a goal to convert 185 units per year from 2018 to 2022 with revenue increasing from approximately \$58 million in 2018 to \$64 million in 2022.

Section 8 Subsidy and Administrative Fees

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 remain at nearly the same level of \$1.1 billion over the five years 2018-2022. Although the HAP subsidy is expected to have a modest increase, the Administrative Fees is expected to decline due to reduced units. This assumes a total Unit Months Leased (UML) of 1,028,776 for a monthly average of 85,731 vouchers in 2018.

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 \$3.8 million in FY 2018 to \$.288 million in FY 2022 reflective of a decline in funding for grant programs.

Capital Fund Reimbursements

Capital Fund Reimbursements (CFRs) are reimbursements from the federal capital program to the operating program for capital-related costs incurred in the operating budget. The CFRs are for replacement reserves of NYCHA's mixed-finance portfolios. These reimbursements are projected to be \$4.7 million in each year from FY 2018 to FY 2022.

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 \$8.0 million in FY 2018 to \$10.6 million in FY 2022, 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 remain the same at \$22 million. The revised projection is primarily attributed to a change in the parking program to focus on revenue generating strategy using latest market rate.

City Funds

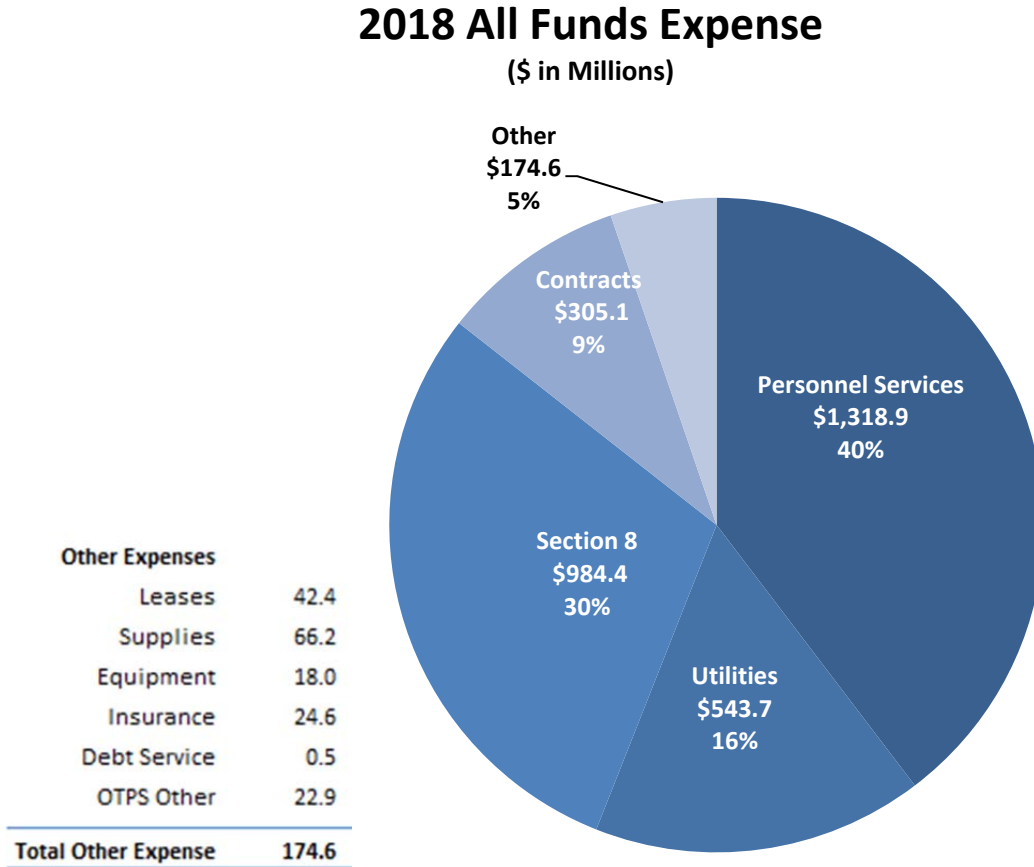
Funds from the City of New York help the Authority to absorb the impact of the Federal underfunding. The budgeted amount for FY 2018 is \$143 million primarily composed of \$64.7 million for the reimbursement of general wage increases, \$55.4 million for the Housing Grant, \$12.4 million for the light programs and \$10.5 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 as well as the NextGeneration Initiative (i.e. high-value land/mixed income, 10K Affordable Housing Units), commercial storefront leases, rooftop leases, and sublease income from underutilized office space. This Plan projects Other Non-Operating Revenues for FY 2018-2022 of \$74.9 million, \$68.5 million, \$73.9 million, \$57.6 million and \$58.7 million, respectively.

Expenditure Categories

The following chart shows, by category, the \$3.33 billion expenditures in NYCHA’s FY 2018 operating budget:

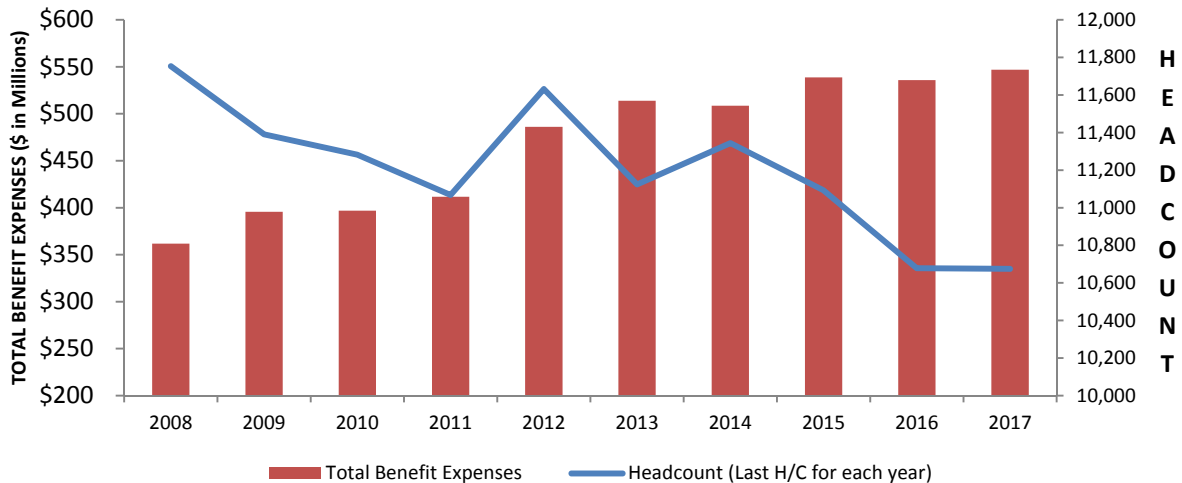


Personnel Service (Salaries and Other Benefits) accounts for 40 percent of the total operating budget expenditures. Section 8 Housing Assistance Payments account for 30 percent, Utilities account for 16 percent, and all other expenses account for the remaining 14 percent of expenditures.

Workforce

Workforce and Salary

Despite the decrease in workforce, the cost of benefit expenses have been rising led by the growing cost of pension and health-related expenses. From FY 2008-2017, while the workforce was reduced by nearly three thousand, benefit expenses nearly doubled.



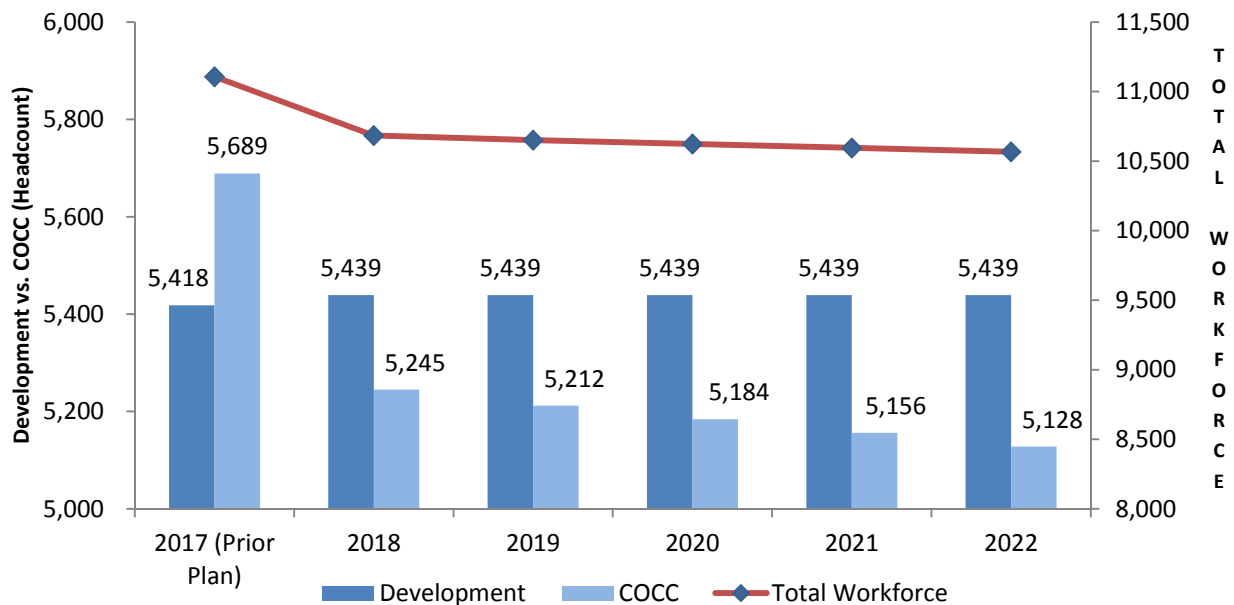
	2008	2017	Change ('08 vs. '17)	% Change
Health	\$159.3	\$243.3	\$84.0	53%
Pension	103.7	165.2	61.6	59%
All Other	98.8	138.4	39.6	40%
Total Benefit Expenses	\$361.7	\$546.9	\$185.1	51%
Headcount	11,753	10,674	(1,079)	(9.18%)

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.

Workforce Distribution

The 2018 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) ensuring the efficiency and effectiveness of its support functions. Reflective of this effort, the administrative headcount was reduced by 444 from FY 2017 to FY 2018 and decreased by another 117 from FY 2018 to FY 2022.

The FY 2018- FY2022 Plan reaffirms NYCHA’s ongoing commitment to providing dependable services to its residents.



Full-time Salary is budgeted for \$658 million in FY 2018, which will decrease to \$644 million by FY 2022. 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.

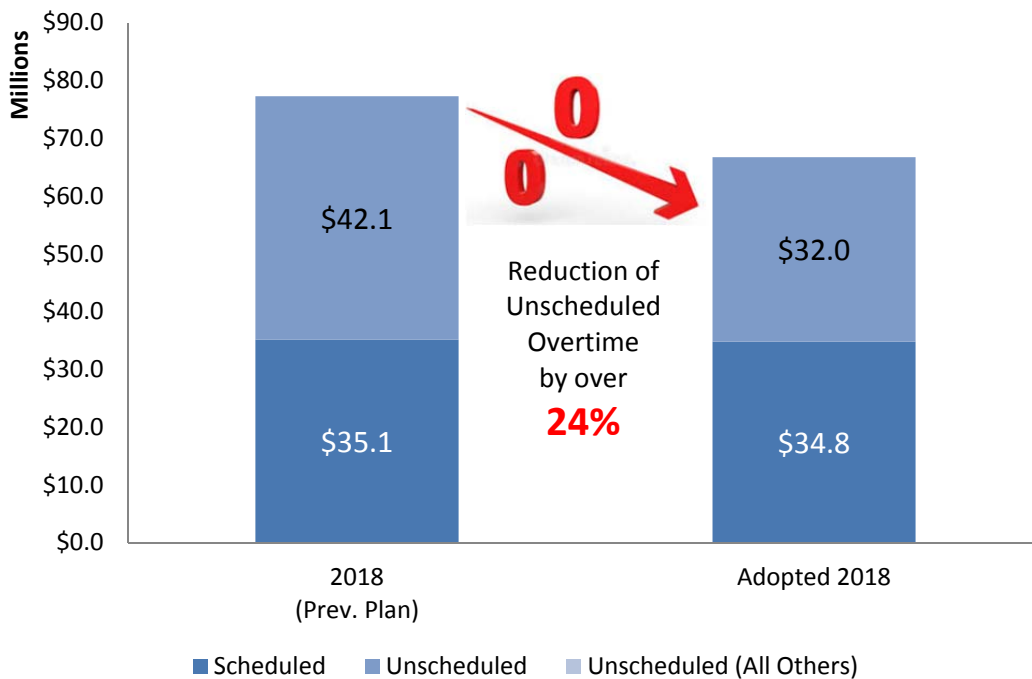
This Plan includes additional costs from collective bargaining agreements. The labor agreements include retroactive payments starting from the end of the previous union agreements, and general wage increases (GWI) going forward. To assist in the additional financial burden, the Mayor agreed to fund the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

Overtime

The FY 2018 Adopted Plan Overtime allocation incorporated a formula distribution for the scheduled component and reduced the unscheduled component in the anticipation that the increased contractual capacity would mitigate some of the emergencies and backlog.

Scheduled Allocation – The FY 2018 plan projects \$34.7 million in scheduled overtime which is primarily driven by the costs associated with the developments’ weekend and holiday coverage, which is based on authorized headcount.

Unscheduled Allocation – The FY 2018 plan for unscheduled overtime of \$32 million reflects historical spending levels and authorized headcount. It assumes that increased contract capacity will lead to a reduction of \$10 million.



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 to 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 \$572 million in FY 2018 to \$649 million in FY 2022, (a compounded growth rate of 3.2 percent). As a percentage of total Personnel Service expenditures, Fringe is projected to increase from 43 percent in FY 2018 to 47 percent FY 2022. This is driven in large part by rising pension obligations as well as health insurance benefit expenses.

Components	FY 2018 - 2022 Financial Plan					FY'18 - '22 CAGR
	2018	2019	2020	2021	2022	
Health Insurance	\$210.3	\$222.6	\$235.9	\$249.8	\$263.4	5.79%
Pension	171.0	175.0	178.5	182.0	185.6	2.07%
Workers Comp	61.7	63.7	66.1	68.6	71.3	3.69%
Payroll Taxes & Annual Leave	70.9	70.6	70.3	70.1	69.9	-0.34%
Welfare	39.6	39.7	39.9	40.0	40.1	0.31%
Annuity	16.8	16.8	16.9	17.0	17.1	0.47%
Unemployment	1.6	1.6	1.6	1.6	1.6	0.00%
Total Fringe Benefits	\$571.9	\$590.1	\$609.1	\$629.2	\$649.1	3.22%
% Change (Y/Y)		3.09%	3.12%	3.19%	3.06%	

Leases

In addition to rental fee, NYCHA is generally responsible for operating costs which include taxes and utilities as well as rent escalation reflective of the lease agreement. The Plan projects Leases expenditures to increase from \$42.4 million in FY 2018 to \$47.5 million in FY 2022.

Utilities

Utility expenditures, a significant component of NYCHA’s operating budget, represent approximately 16 percent of total expenditures, and more importantly 24 percent of the General Fund expenditures. Utility costs include electricity, gas, water, steam and fuel oil. NYCHA’s utility spending averages approximately \$45.3 million per month.

This Plan projects Utility expenditures to increase from \$544 million in FY 2018 to \$565 million in FY 2022 (a compounded growth rate of 1 percent). Given the substantial impact of Utility costs, NYCHA continues to work with HUD in developing mutually beneficial Energy Performance Contracts (EPCs). These EPCs will provide additional funding for energy-efficient capital projects which will result in cost savings over time.

Components	FY 2018 - 2022 Financial Plan					FY'18 - '22 CAGR
	2018	2019	2020	2021	2022	
Electricity	\$167.6	\$169.3	\$170.9	\$170.9	\$170.9	0.50%
Heating Gas	164.5	167.8	171.2	172.9	172.9	1.25%
Water	183.6	185.4	189.1	191.0	191.0	1.00%
Steam	8.4	8.6	8.8	8.8	8.8	1.00%
Fuel	10.2	10.5	10.8	11.1	11.4	2.95%
Cooking Gas	9.4	9.6	9.8	9.8	9.8	1.00%
Total Utilities	\$543.7	\$551.2	\$560.6	\$564.5	\$564.9	0.96%
% Change (Y/Y)		1.35%	1.68%	0.69%	0.06%	

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. The Plan projects expenditures to increase to \$68 million in FY 2022. These increases are driven by contributions to the general liability self-insurance fund and by higher property insurance premiums. 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 rental plan administered through the leased housing program.

While most Section 8 Payments are disbursed to landlords participating in this program, it also includes disbursement for Phased Conversion Units. These are units whose funding stream has been transferred from the General Fund to Section 8. These conversions of funding help supplement the General Fund's budget. This plan projects Section 8 Payments to landlords will stay at around \$1.04 billion in all years (FY 2018 to FY 2022).

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.

Excluding Contracts, which has been increased to address the operational need (contract capacity), Supplies, Equipment, and OTPS Other budget remain relatively unchanged when compared to prior plan at around 100 million.

2018-2022 Operating Plan by Funds

All Funds

	2018	2019	2020	2021	2022
Revenues					
<i>Revenue from Operations:</i>					
Tenant Rental Revenue	1,074,404	1,087,285	1,097,197	1,106,650	1,116,026
Other Revenue from Operations	21,977	21,977	21,977	21,977	21,977
Total Revenue from Operations	1,096,381	1,109,262	1,119,173	1,128,626	1,138,003
<i>Other Revenues</i>					
Federal Subsidies	885,598	885,598	888,025	910,629	937,538
Debt Services Subsidy	283	230	180	131	81
Section 8 Phased Conversion	58,120	56,377	58,811	61,245	63,680
Section 8 Management Fees	-	-	-	-	-
Capital Fund Reimbursements	4,697	4,697	4,697	4,697	4,697
Interest on Investments	7,954	9,280	9,280	9,280	10,606
Other	74,958	68,493	73,852	57,624	58,738
Categorical Grants	3,838	1,186	788	288	288
Section 8 Subsidy	975,549	978,886	973,187	975,357	983,420
Section 8 Admin	74,408	72,256	70,580	68,384	65,737
City Funds	142,985	117,842	127,522	117,315	104,226
Total Other Revenues	2,228,390	2,194,845	2,206,923	2,204,950	2,229,010
Total Revenues	3,324,771	3,304,107	3,326,096	3,333,576	3,367,012
Expenditures					
<i>Personnel Service:</i>					
Salary F/T	658,428	653,661	647,590	645,425	643,584
Salary P/T	1,409	918	810	170	21
Seasonal	6,010	6,010	6,010	6,010	6,010
Overtime	66,743	66,688	66,685	66,666	66,647
Shift Differential	1,070	1,070	1,070	1,070	1,070
Retro	292	292	292	292	292
Fringe	571,884	590,117	609,130	629,203	649,077
Other Salary	13,079	12,626	12,617	12,609	12,601
Total Personnel Service	1,318,915	1,331,382	1,344,204	1,361,446	1,379,303
<i>Other Than Personnel Service:</i>					
Leases	42,422	43,143	45,740	46,461	47,502
Supplies	66,167	65,150	65,150	64,660	64,170
Equipment	18,000	13,318	12,185	12,145	12,349
Utilities	543,748	551,212	560,639	564,538	564,868
Contracts	305,073	281,496	265,875	248,264	248,351
Debt Services	534	455	376	296	214
Insurance	24,604	56,487	59,900	63,536	67,620
OTPS Other	22,839	18,407	18,417	18,287	18,134
Housing Assistance Payments	984,375	980,517	982,635	981,674	979,469
Total Other Than Personnel Service	2,007,762	2,010,185	2,010,917	1,999,861	2,002,676
Total Expenditures	3,326,677	3,341,567	3,355,122	3,361,307	3,381,979
Surplus/(Deficit)	(1,906)	(37,460)	(29,026)	(27,731)	(14,966)
HAP Reserve (HUD-HELD)	8,825	1,631	-	-	-
Admin Reserve	5,057	7,093	-	-	-
Surplus/(Deficit) net of Reserves	11,975	(28,736)	(29,026)	(27,731)	(14,966)

2018-2022 Operating Plan by Funds

General Funds

	2018	2019	2020	2021	2022
Revenues					
<i>Revenue from Operations:</i>					
Tenant Rental Revenue	1,074,404	1,087,285	1,097,197	1,106,650	1,116,026
Other Revenue from Operations	21,977	21,977	21,977	21,977	21,977
Total Revenue from Operations	1,096,381	1,109,262	1,119,173	1,128,626	1,138,003
<i>Other Revenues</i>					
Federal Subsidies	881,649	881,775	884,221	906,856	933,796
Debt Services Subsidy	283	230	180	131	81
Section 8 Phased Conversion	58,120	56,377	58,811	61,245	63,680
Section 8 Management Fees	12,960	12,529	12,194	11,755	11,225
Capital Fund Reimbursements	4,697	4,697	4,697	4,697	4,697
Interest on Investments	7,954	9,280	9,280	9,280	10,606
Other	73,550	67,085	72,444	56,216	57,330
Categorical Grants	-	-	-	-	-
Section 8 Subsidy	-	-	-	-	-
Section 8 Admin	-	-	-	-	-
City Funds	64,697	73,566	75,169	75,550	73,820
Total Other Revenues	1,103,910	1,105,539	1,116,997	1,125,730	1,155,235
Total Revenues	2,200,290	2,214,801	2,236,170	2,254,356	2,293,238
Expenditures					
<i>Personnel Service:</i>					
Salary F/T	626,570	622,588	616,513	614,357	612,525
Salary P/T	753	619	512	21	21
Seasonal	6,000	6,000	6,000	6,000	6,000
Overtime	66,042	66,038	66,035	66,031	66,028
Shift Differential	1,070	1,070	1,070	1,070	1,070
Retro	292	292	292	292	292
Fringe	547,396	565,135	583,253	602,406	621,369
Other Salary	12,033	12,023	12,014	12,005	11,997
Total Personnel Service	1,260,156	1,273,765	1,285,688	1,302,184	1,319,302
<i>Other Than Personnel Service:</i>					
Leases	37,331	37,966	40,252	40,886	41,802
Supplies	63,950	63,949	63,949	63,949	63,949
Equipment	15,004	10,810	9,812	9,776	9,959
Utilities	543,547	551,009	560,434	564,332	564,663
Contracts	295,121	275,447	259,796	243,260	244,044
Debt Services	267	216	166	116	67
Insurance	24,550	56,430	59,841	63,475	67,555
OTPS Other	14,692	14,045	14,067	14,089	14,089
Housing Assistance Payments	-	-	-	-	-
Total Other Than Personnel Service	994,463	1,009,872	1,008,317	999,884	1,006,128
Total Expenditures	2,254,619	2,283,637	2,294,005	2,302,068	2,325,431
Surplus/(Deficit)	(54,329)	(68,836)	(57,835)	(47,711)	(32,193)

2018-2022 Operating Plan by Funds

Housing Choice Voucher

	2018	2019	2020	2021	2022
Revenues					
<i>Revenue from Operations:</i>					
Tenant Rental Revenue	-	-	-	-	-
Other Revenue from Operations	-	-	-	-	-
Total Revenue from Operations	-	-	-	-	-
<i>Other Revenues</i>					
Federal Subsidies	-	-	-	-	-
Debt Services Subsidy	-	-	-	-	-
Section 8 Phased Conversion	-	-	-	-	-
Section 8 Management Fees	-	-	-	-	-
Capital Fund Reimbursements	-	-	-	-	-
Interest on Investments	-	-	-	-	-
Other	1,408	1,408	1,408	1,408	1,408
Categorical Grants	-	-	-	-	-
Section 8 Subsidy	1,033,669	1,035,263	1,031,998	1,036,603	1,047,099
Section 8 Admin	74,408	72,256	70,580	68,384	65,737
City Funds	-	-	-	-	-
Total Other Revenues	1,109,485	1,108,927	1,103,986	1,106,395	1,114,244
Total Revenues	1,109,485	1,108,927	1,103,986	1,106,395	1,114,244
Expenditures					
<i>Personnel Service:</i>					
Salary F/T	29,149	29,149	29,149	29,149	29,149
Salary P/T					
Seasonal	10	10	10	10	10
Overtime	598	598	598	598	598
Shift Differential					
Retro					
Fringe	23,108	23,987	24,858	25,772	26,679
Other Salary	604	604	604	604	604
Total Personnel Service	53,468	54,348	55,219	56,133	57,040
<i>Other Than Personnel Service:</i>					
Leases	5,091	5,177	5,489	5,575	5,700
Supplies	76	76	76	76	76
Equipment	2,996	2,509	2,373	2,369	2,390
Utilities	201	203	205	205	205
Contracts	16,960	16,501	16,298	15,934	15,464
Debt Services	-	-	-	-	-
Insurance	54	56	59	61	64
OTPS Other	2,027	1,887	1,887	1,887	1,887
Housing Assistance Payments	1,042,494	1,036,894	1,041,446	1,042,920	1,043,149
Total Other Than Personnel Service	1,069,899	1,063,303	1,067,833	1,069,027	1,068,935
Total Expenditures	1,123,367	1,117,651	1,123,052	1,125,160	1,125,975
Surplus/(Deficit) before Reserves	(13,882)	(8,724)	(19,066)	(18,766)	(11,731)
HAP Reserve (HUD-HELD)	8,825	1,631	-	-	-
Admin Reserve	5,057	7,093	-	-	-
Surplus/(Deficit) net of Reserves			(19,066)	(18,766)	(11,731)

2018-2022 Operating Plan by Funds

Categorical Grants

	2018	2019	2020	2021	2022
Revenues					
<i>Revenue from Operations:</i>					
Tenant Rental Revenue	-	-	-	-	-
Other Revenue from Operations	-	-	-	-	-
Total Revenue from Operations	-	-	-	-	-
<i>Other Revenues</i>					
Federal Subsidies	3,949	3,823	3,804	3,773	3,741
Debt Services Subsidy	-	-	-	-	-
Section 8 Phased Conversion	-	-	-	-	-
Section 8 Management Fees	-	-	-	-	-
Capital Fund Reimbursements	-	-	-	-	-
Interest on Investments	-	-	-	-	-
Other	-	-	-	-	-
Categorical Grants	3,838	1,186	788	288	288
Section 8 Subsidy	-	-	-	-	-
Section 8 Admin	-	-	-	-	-
City Funds	78,288	44,276	52,353	41,764	30,406
Total Other Revenues	86,075	49,285	56,945	45,825	34,435
Total Revenues	86,075	49,285	56,945	45,825	34,435
Expenditures					
<i>Personnel Service:</i>					
Salary F/T	2,709	1,924	1,928	1,919	1,911
Salary P/T	656	298	298	149	-
Seasonal	-	-	-	-	-
Overtime	103	52	52	36	20
Shift Differential	-	-	-	-	-
Retro	-	-	-	-	-
Fringe	1,380	995	1,019	1,024	1,030
Other Salary	443	-	-	-	-
Total Personnel Service	5,291	3,269	3,297	3,129	2,961
<i>Other Than Personnel Service:</i>					
Leases	-	-	-	-	-
Supplies	2,141	1,125	1,125	635	145
Equipment	-	-	-	-	-
Utilities	-	-	-	-	-
Contracts	5,951	2,077	1,974	825	68
Debt Services	267	239	210	179	147
Insurance	-	-	-	-	-
OTPS Other	6,121	2,475	2,463	2,310	2,158
Housing Assistance Payments	-	-	-	-	-
Total Other Than Personnel Service	14,480	5,916	5,772	3,950	2,518
Total Expenditures	19,770	9,185	9,070	7,079	5,478
Surplus/(Deficit)	66,304	40,100	47,875	38,747	28,957