Policy Brief ■ May 2023

Uncertain Future, Urgent Priority:

Fix NYCHA's Operating Budget Now

By Sean Campion

Decades of deferred maintenance, insufficient capital investment, and inadequate management have allowed the New York City Housing Authority's (NYCHA's) buildings to deteriorate, diminishing the quality of life for its more than 400,000 residents. Reversing this decline requires not only over $40 billion of capital investment, but also substantial improvement in the quality and efficiency of NYCHA's operations.

Over the past year, NYCHA's long-standing fiscal and operational challenges have worsened. NYCHA's buildings are deteriorating faster than its ability to keep up with repairs. While it is starting to implement its Transformation Plan, operations have yet to become more efficient or effective. And rapidly rising costs and flagging rent collections have combined to widen budget gaps, leaving NYCHA increasingly reliant on City subsidies and other non-operating resources to fund its basic operations.

CITIZENS BUDGET COMMISSION

Specifically:

- In 2022, NYCHA's operating revenue fell $789 million short of its $2.9 billion public housing operating expenses;
- NYCHA's annual public housing operating revenue shortfall has grown five-fold from $158 million in 2014, and has more than doubled since the 2019 shortfall of $332 million;
- To balance its 2022 budget, NYCHA tapped $789 million in non-operating revenues, including $247 million in City subsidies, $100 million from NYCHA's dwindling reserves, $194 million in one-time sources, and $248 million diverted from federal subsidy intended for capital investment;
- Operating revenues have stagnated, as the rent collection rate plummeted from roughly 90 percent pre-pandemic to 63 percent now, costing NYCHA $350 million to $400 million annually compared to the pre-pandemic norm;
- NYCHA's already high per-unit operating costs rose 10 percent in 2022, driven primarily by efforts needed to combat deferred maintenance;
- NYCHA's monthly per-unit operating cost is now $1,481, double the average rent stabilized unit cost; and
- Over the past four years, NYCHA's total public housing expenditures increased 19 percent despite an 8 percent decline in the units under its management.

Absent major changes to close its widening operating budget gap, NYCHA's outlook is grim. It would have to either substantially reduce spending on maintenance and other services—negatively affecting residents' quality of life—or become even more reliant on City subsidies. Since the City faces budget gaps approaching $11 billion in just a few years, to increase subsidies to NYCHA, the City would have to divert funds currently slated for other services.

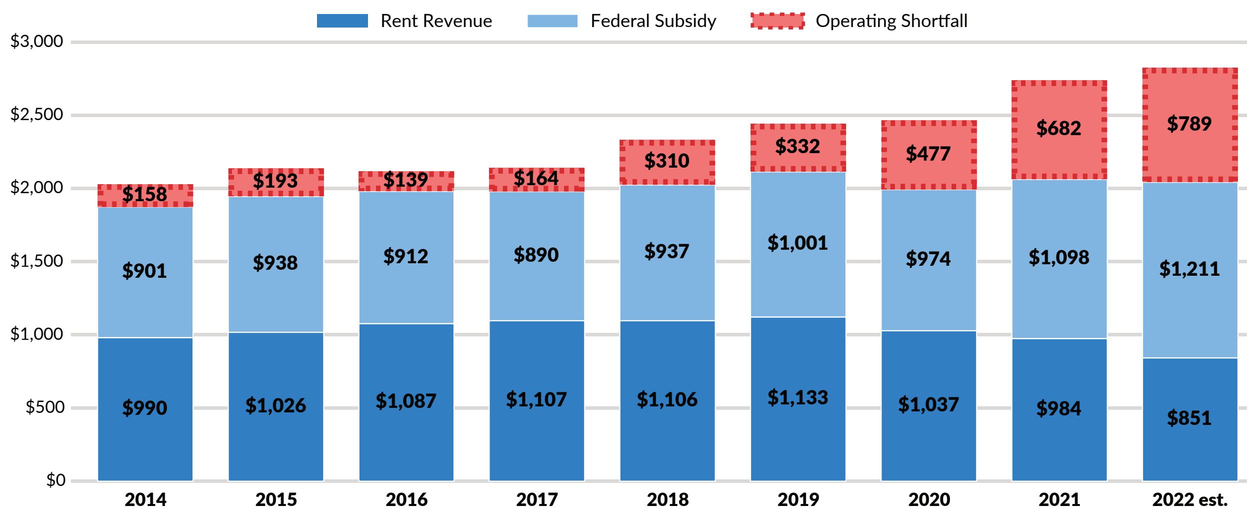
Structural reforms—not just one-time bailouts—are needed to put NYCHA's operations on the path to solvency. To improve the lives of residents and preserve the viability of NYCHA, the City's largest source of deeply affordable housing, the Citizens Budget Commission (CBC) recommends NYCHA:

- Fix or replace deteriorating buildings with Permanent Affordability Commitment Together (PACT) and the Preservation Trust;
- Improve management effectiveness and efficiency, and publicly track progress and impacts;
- Negotiate savings and increase productivity through collective bargaining; and
- Overhaul the rent collection process.

RISING COSTS, FLAGGING RENTS PUT NYCHA ON UNSUSTAINABLE PATH

In 2022, NYCHA spent $2.9 billion to operate its public housing portfolio but collected only $2.1 billion in operating revenue from rent and its federal operating subsidy. This $789 million structural budget gap has been widening over time, the product of both rapidly rising costs and flagging rent collections. (See Figure 1.)

Figure 1: NYCHA Operating Revenues and Shortfall, 2014 - 2022
(dollars in millions)



Sources: CBC analysis of data from New York City Housing Authority, *Annual Comprehensive Financial Report for the Year Ended December 31, 2021 (June 30, 2022), and fiscal year 2015 to 2020 editions*; and *Meeting Minutes, New York City Housing Authority Board of Directors* (December 21, 2022).

NYCHA's expense growth accelerated in 2018; between 2018 and 2022, expenses increased at an average of 4.9 percent annually, up from 1.8 percent annually from 2014 to 2017. Conversely, operating revenue growth averaged just 0.2 percent a year between 2018 and 2022; rent revenues declined an average of 6.3 percent per year while the federal operating subsidy increased 6.6 percent annually. With growing expenses and stagnant revenues, the operating shortfall increased from $164 million in 2017 to $310 million in 2018 and reached $789 million in 2022.

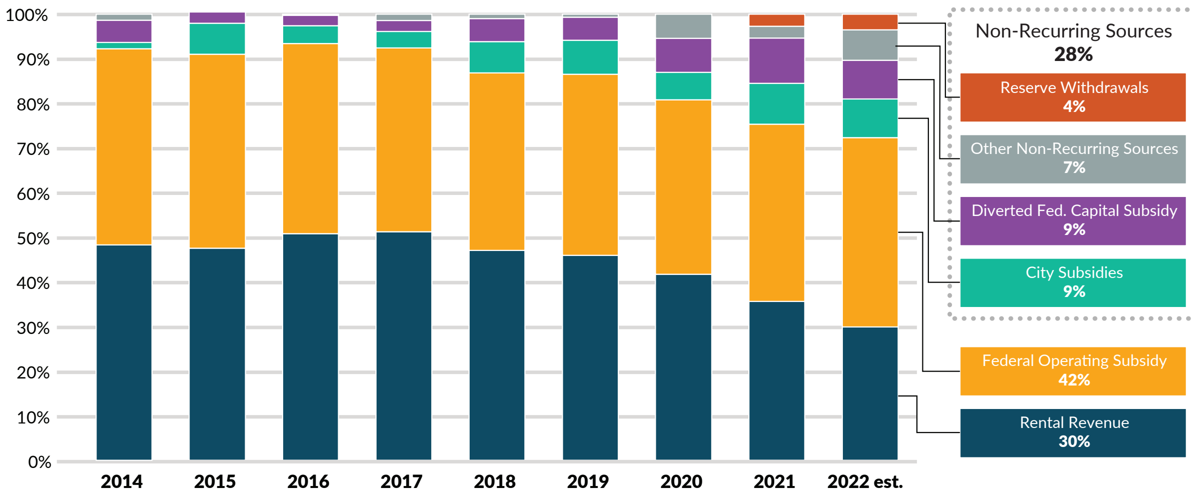
These growing shortfalls have increased NYCHA's reliance on non-operating revenue and City subsidies to balance its budget. Non-operating revenue covered 28 percent of its public housing operating costs in 2022, which is twice as much as in 2018, when the share was just 13 percent. (See Figure 2.)

At its December 2022 board meeting, NYCHA reported using $789 million of non-operating sources to balance its 2022 budget, including:

- $248 million in transfers from its federal capital subsidy, the maximum allowed under HUD regulations;
- $247 million in subsidies from the City budget, primarily used to pay salaries; and
- $194 million from the sale of development rights, PACT transactions, grants, and other sources.

Even those transfers were not enough to bring the budget into balance, forcing NYCHA to withdraw $100 million from its operating reserves. At the end of 2022, NYCHA was left with $211 million in reserves, equal to less than one month of expenses in cash on hand.

Figure 2: Share of Total Annual Public Housing Revenue by Source, Fiscal Years 2014 to 2022

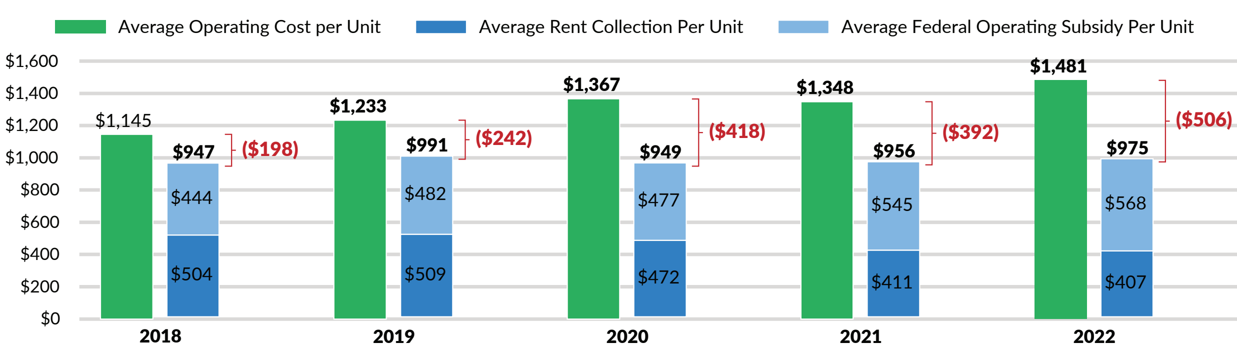


Sources: CBC analysis of data from New York City Housing Authority, *Annual Comprehensive Financial Report for the Year Ended December 31, 2021 (June 30, 2022), and fiscal year 2015 to 2020 editions*; and *Meeting Minutes, New York City Housing Authority Board of Directors* (December 21, 2022).

The growth in expenses is even steeper on a per unit basis as the number of Section 9 units under NYCHA's management has decreased by 8 percent between 2018 and 2022, from 176,000 units to 162,000 units.[1] Monthly per-unit operating costs increased 6.6 percent per year between 2018 and 2022, compared to 4.9 percent for total operating expenses.

The gap between operating revenue and expenses reached $500 per unit per month in 2022, a 153 percent increase from $198 per unit per month in 2018. (See Figure 3). Operating revenue covered 83 percent of NYCHA's public housing operating expenses in 2018, but just 66 percent in 2022. The widening gap is due to falling rent collections, which decreased 19.0 percent per unit from 2018 to 2022, an average of 5.2 percent annually. NYCHA's federal operating subsidy, by contrast, increased 6.4 percent per year between 2018 and 2022, keeping pace with expenses.

Figure 3: Average Monthly Public Housing Operating Expense and Revenue per Unit, 2018-2022



Sources: Office of the New York City Comptroller, "Checkbook NYC Data Feeds" (accessed January 21, 2023); and City of New York, Mayor's Office of Operations, *Fiscal Year 2023 Preliminary Mayor's Management Report* (January 2023), and fiscal year 2020 edition.

Note on Methodology

Figures 1 and 2 are based on NYCHA's annual financial reports, which differ from data reported in the Comptroller's Checkbook NYC portal that is used for Figure 3. Checkbook NYC reports revenue on a cash basis, while the financial statements report on a modified accrual basis. Checkbook NYC reports lower rental revenue because it deducts actual rent collection losses from gross rental revenue. The actual losses appear to be larger than the assumptions that NYCHA has used to estimate allowances for bad debt in its financial statements. NYCHA may need to write off additional accounts receivable in future years if actual collections of rent arrears differ from its loss assumptions. Also, the financial statements recognize subsidies when the revenue is received, while Checkbook NYC reports when those revenue sources are used. Thus, subsidies appear larger in the financial statements than in Checkbook NYC.

NEEDED RENOVATIONS AND REORGANIZATION PLAN INCREASED OPERATING COSTS ABOVE ALREADY HIGH BASE

Much of NYCHA's recent spending increases are attributable to costs needed to counteract decades of deferred maintenance and by a federal settlement agreement that requires NYCHA to develop plans to meet benchmarks for lead paint inspections, heating, and elevator repairs, among other areas.

NYCHA's largest spending increase in 2022 was in other than personal services. Contract costs increased 12 percent to $546 million, with increased spending on façade repair, environmental remediation, plumbing and heating, and related project management. These contract staff supplement work done by NYCHA's in-house maintenance staff.[2] Spending on supplies increased 23 percent to $127 million.

NYCHA's in-house workforce has faced additional pressure to meet repair needs. NYCHA has always had high costs, driven by a combination of high fringe benefit rates for employees, high overtime use, outdated work rules, and inefficient management practices.[3] While improving property management is a goal of NYCHA's reorganization plan, these efforts have not reduced labor costs or increased productivity.

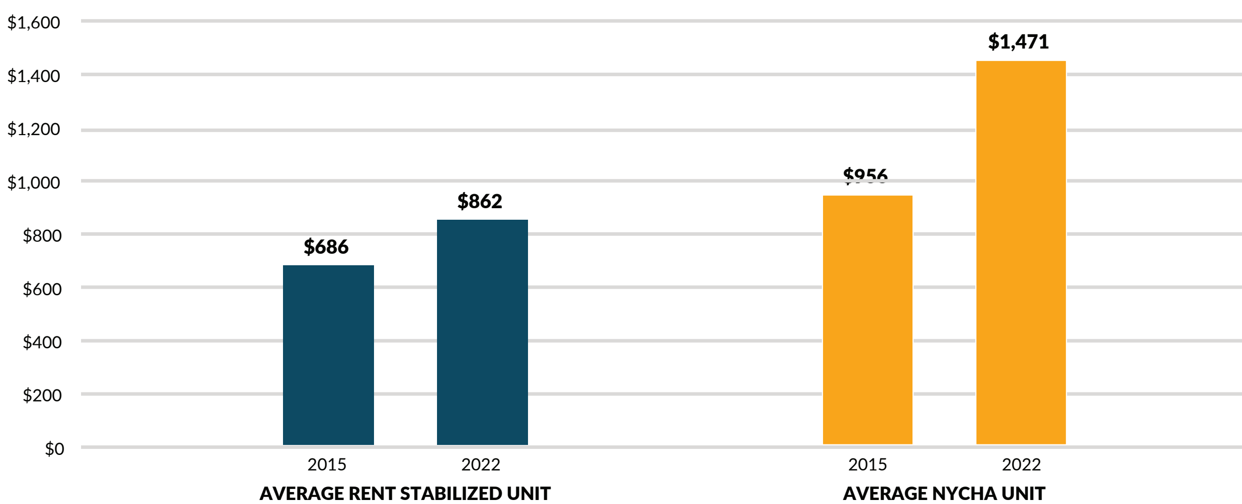
Even as NYCHA has fewer units under management, its headcount has increased by 1,000 positions since 2018, as it attempts to address longstanding repair and maintenance needs. Overtime spending also has increased 55 percent since 2018 and remains high despite efforts to reduce it. NYCHA sought to reduce overtime costs by 40 percent in 2022, but instead overtime spending increased 3 percent to reach $152 million.

Per-Unit Expenses Much Greater than Comparable Properties

NYCHA's rapid growth in per-unit expenses is stark when compared to similar private properties. NYCHA's monthly per-unit operating costs excluding debt service reached $1,471 in 2022. That is $609, or 70 percent, greater than the average per-unit cost of operating a rent stabilized building built prior to 1974. This difference has more than doubled since 2015 when CBC began tracking per-unit costs.[4] (See Figure 4.) From 2015 to 2022, the average monthly cost to operate a rent stabilized building increased by $176, or 26 percent, compared to a $515, or 54 percent, increase for NYCHA buildings.

NYCHA's operating costs are also much higher than the cost to operate units converted to private management under PACT.[5] The City's underwriting guidelines for converted NYCHA buildings assume average operating costs of $816 per month, excluding the cost of social services and broadband, or 55 percent of what NYCHA spends to operate the same buildings.

Figure 4: Average Monthly Operating Costs per Unit, Rent Stabilized Properties (Excluding Property Taxes) and NYCHA, 2015 and 2022



Notes: The Rent Guidelines Board's 2023 Income and Expense Study reports expense data for rent stabilized properties from calendar year 2021. CBC deducted property taxes and inflated those estimates to 2022 based on changes in the Consumer Price Index between June 2021 and June 2022. NYCHA expense data excludes debt service, which amounts to another $10 per unit per month. Federal law bars public housing authorities from issuing debt secured by either their real property assets, rents, or operating subsidies, but it does permit public housing authorities to issue bonds secured by a limited portion of their federal capital subsidies.

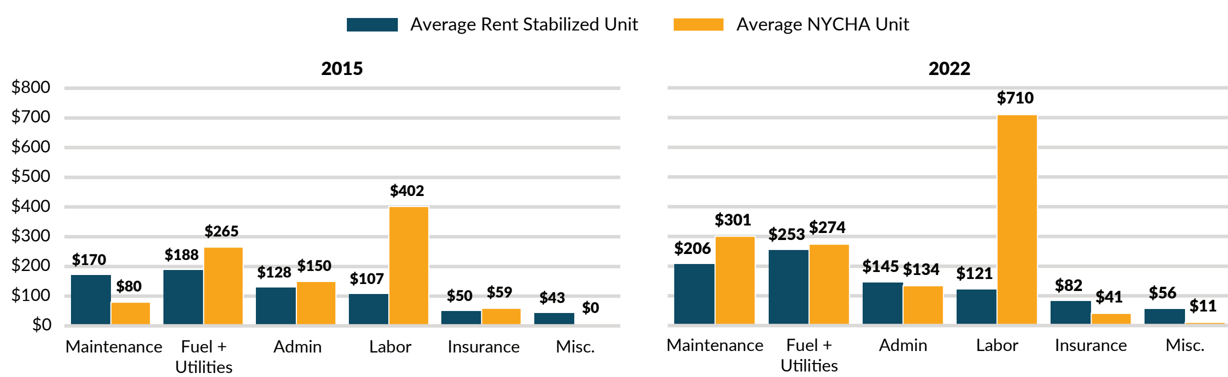
Sources: New York City Housing Authority, *Comprehensive Annual Financial Report for the Years Ended December 31, 2015 and 2014* (October 2016); New York City Rent Guidelines Board, *2017 Income and Expense Study* (March 2017), and *2023 Income and Expense Study* (March 2023); and Office of the New York City Comptroller, "Checkbook NYC Data Feeds" (accessed January 21, 2023).

Rising labor and maintenance costs account for the widening gap between NYCHA and privately-owned rental buildings. In the past, NYCHA spent more on labor than private landlords, while private landlords spent more on contracting for maintenance and on supplies. In recent years, NYCHA has spent more on both in-house staff and outside contractors, with its spending on contractors increasing 12.4 percent annually between 2018 and 2022.

Historically, NYCHA used full-time staff (at higher wages and benefits) to do repair and maintenance work instead of hiring outside contractors, as is common private sector practice. In 2015, NYCHA spent nearly four times as much as private landlords on labor per unit but half as much on supplies and contracted maintenance. (See Figure 5.) NYCHA's central office and administrative costs were also higher than private sector property management companies.

By 2022, NYCHA spent substantially more on both its in-house workforce and outside contractors than its private sector peers. NYCHA's labor costs have ballooned to $710 per unit per month, or nearly six times what private landlords spend. Now, NYCHA's per-unit labor costs alone are approaching the entire per-unit operating budget for privately owned buildings. NYCHA now also spends nearly $100, or 58 percent, more per unit on maintenance and supplies than private landlords. (See Figure 5, and *Stabilizing the Foundation* for more detail on the differences between NYCHA and private owners.) These increases were offset modestly by reductions in administrative costs as NYCHA reduced central office spending and in insurance.

Figure 5: Comparison of Average Monthly Operating Costs by Expense Category, 2015 and 2022



Notes: The Rent Guidelines Board's 2023 Income and Expense Study reports expense data for rent stabilized properties from calendar year 2021. CBC inflated those estimates to 2022 based on changes in the Consumer Price Index between June 2021 and June 2022.

Sources: New York City Housing Authority, *Comprehensive Annual Financial Report for the Years Ended December 31, 2015 and 2014* (October 2016); New York City Rent Guidelines Board, *2017 Income and Expense Study* (March 2017), and *2023 Income and Expense Study* (March 2023); and Office of the New York City Comptroller, "Checkbook NYC Data Feeds" (accessed January 21, 2023).

FALLING RENT COLLECTION RATE NOT SOLELY DUE TO ERAP PROGRAM

NYCHA's rent collection rate has declined, a trend continuing without sign of improvement. Collections hit a new low of 63 percent in February 2023, down from 70 percent in February 2022 and 90 percent prior to the pandemic.[6] Over a full year, a 65 percent collection rate will cost NYCHA between $350 million and $400 million in foregone revenue compared to the pre-pandemic norm.

The State's Emergency Rental Assistance Program (ERAP) put public housing in the lowest priority funding tier. ERAP's federal funding was exhausted by applicants in higher priority categories before the State reached applications from public housing tenants.

This contributed to NYCHA's substantial and growing rent collection problem but NYCHA's flagging rent collection appears not to be caused by limited ERAP eligibility alone. As of December 2022, 46 percent of NYCHA households were in arrears, having accrued $466 million in unpaid rent, but less than half of those households had pending ERAP applications. Households with pending ERAP applications accounted for only approximately one-quarter of the value of NYCHA arrears.[7]

Simultaneously, speeding up NYCHA's rent recertification process during the pandemic to alleviate hardship did not stabilize the collection rate as it should have. When a tenant's income falls, they can apply to have their rent reduced to a level they can afford, which can even be $0 if a tenant loses their entire income. Pandemic waivers from the U.S. Department of Housing and Urban Development (HUD) allowed NYCHA to speed up the recertification process by allowing residents to self-certify their income.

Rent recertification should have helped stabilize the collection rate, but this appears not to have occurred, even though many households took advantage of the recertification process. Between March 2020 and February 2022, 59,811 households, or more than 35 percent of occupied units, requested rent decreases.[8] While rent reductions do not eliminate any back rent that tenants owe, it should help them get current on their rent going forward. (It is not known how many households that received rent recertifications resumed paying their rent in full.) However, despite these efforts, the rent collection rate has continued to fall, and the number of households in arrears has continued to increase.

NYCHA's rent arrears also appear more substantial than those of its peer public housing authorities. NYCHA's tenant accounts receivable were 36 percent of its rental revenue in 2021. According to their respective audited financial statements, the Chicago Housing Authority's tenant accounts receivable reached 30 percent of rent collections in 2021, Philadelphia 17 percent, Boston 14 percent, and Newark 7 percent. NYCHA's collection problems are also worse than other housing authorities in New York State, which also were deprioritized under ERAP. Syracuse and Buffalo, the next two largest housing authorities in New York based on the number of Section 9 units under management, had tenant account receivables of 21 percent and 16 percent, respectively.[9]

NYCHA's current approach to rent collections, launched in February 2022, has been ineffective at boosting the collection rate and has not improved its financial performance. Under the Transformation Plan, NYCHA has de-emphasized non-payment evictions in favor of working with residents to get on payment plans and to secure one-time hardship funding.[10] Since then, NYCHA has followed through on its promise to avoid evictions. Between February 2022, when the eviction moratorium expired, and January 2023, NYCHA filed only 427 non-payment eviction notices, and 0 warrants for non-payment evictions have been executed. That compares to an average of 38,488 non-payment filings per year before the pandemic.[11] However, only 826 households have entered voluntary repayment plans, which represents 1.8 percent of households that owe back rent and do not have pending ERAP applications.[12] NYCHA has not disclosed how many households have received one-time hardship funding.

The recently enacted New York State budget included $391 million for households with rent arrears, including $35 million earmarked for NYCHA households who owe back rent and another $356 million for households with pending ERAP applications, some of which could benefit households living in public housing. A yet-to-be-determined portion of this $356 million funding could flow to NYCHA or its residents.[13]

While additional State funding for back rent will help residents facing financial hardship and improve NYCHA's balance sheet in the short-term, it does not address the ongoing fiscal challenge resulting from non-payment of rent. Going forward, NYCHA needs to appropriately enforce tenant obligations to pay rent to ensure that it has adequate revenue to operate and maintain its housing units.

RELIANCE ON CITY SUBSIDIES LIKELY TO INCREASE DUE TO FORTHCOMING LABOR AGREEMENTS

The reliance on local subsidies makes NYCHA's finances particularly unique. While other housing authorities commonly transfer some portion of federal capital subsidies to fund operations, no other relies on non-recurring revenue sources and local government subsidies to balance its operating budget.

The de Blasio Administration stopped requiring NYCHA to make payments in lieu of property taxes and for supplemental police and sanitation service—payments many other housing authorities still make—saving NYCHA roughly $100 million annually.

Additionally, the City began to subsidize NYCHA's operations. The largest subsidy pays the cost of salary increases required by new collective bargaining agreements. Historically, the City negotiated labor contacts on NYCHA's behalf, but NYCHA paid the cost increases stemming from those agreements. Starting in 2019, the City began covering the incremental cost of new collective bargaining agreements, which increase over time. The City's collective bargaining subsidies are projected to reach $146 million in City fiscal year 2023, the equivalent of 10 percent of NYCHA's 2022 personal services budget, or 18 percent of salaries and overtime costs excluding fringe benefits.

The City's collective bargaining subsidy will increase significantly when the City reaches contractual agreements with NYCHA's largest unions. CBC estimates that NYCHA's personal services budget would increase $35 million in the first year and $191 million by the fifth year if its unions follow the pattern established by the District Council 37 contract.[14] The City is expected to increase its subsidy payment to NYCHA to cover these costs.

NYCHA has proposed several efficiency measures to reduce the anticipated operating deficit for 2023. NYCHA eliminated some vacant positions, saving $12 million. It also adopted a zero-based budgeting approach to contracts in the central office, which it anticipates will reduce central office costs by $119 million and free up the same amount to be reallocated to other areas of need at the property level.[15]

These savings efforts are helpful and represent a more robust approach than most City agencies' savings programs. However, even if fully realized, they will not be enough to stave off the continued reliance on non-recurring revenue and reserve drawdowns. The 2023 budget, which assumes an improved rent collection rate, still anticipates a $35 million shortfall even after maxing out capital transfers, maintaining the same level of City subsidy, and withdrawing another $65 million from already dwindling reserves.

The shortfall may be even larger, as the rent collection rate shows no sign of improvement and because NYCHA's 2023 budget does not include the costs of potential labor settlements. If contracts are settled in 2023, the shortfall could double to $70 million and only widen from there, with the increase expected to be covered by a larger City subsidy.

RECOMMENDATIONS TO IMPROVE NYCHA'S OPERATIONS AND FINANCES

While a budget partly balanced with non-operating revenues is in sight for 2023, NYCHA remains fiscally unstable. One-time subsidies and bail outs will not stabilize NYCHA's budget, fix its operations, or improve rent collections. Stabilizing NYCHA's operating budget requires implementing and sustaining structural shifts that improve NYCHA's operational efficiency and transform it into a more effective property manager.

Stabilizing NYCHA's operations requires four types of changes:

1. Fix or Replace Deteriorating Buildings with PACT and the Preservation Trust

According to the 2017 physical needs assessment and subsequent estimates of the cost of remediating lead paint, NYCHA's public housing units reportedly need $40 billion in repairs to bring them to a state of good repair. This estimate likely vastly understates the scale of NYCHA's capital needs. Physical conditions are worsening at a faster rate than NYCHA's ability to rehabilitate or keep up with repairs. The rapid increase in inflation has increased costs even further.

The cost of delaying needed repairs is now becoming clear. In 2018, CBC warned that without action, more than 90 percent of NYCHA units would reach the point at which redevelopment would be more cost effective than repair by 2027.[16] Since that report was published, over 15,000 units have benefited from repairs through the PACT program and over 21,000 units are now in the planning or public engagement phases. For the 130,000 remaining units, the moment of reckoning is growing increasingly closer.[17]

The best and fastest way to get to and remain in a state of good repair is comprehensive renovations or phased redevelopment financed through PACT and the Preservation Trust. Securing Section 8 or Section 18 tenant protection vouchers for NYCHA's public housing units not only will raise funding for repairs or redevelopment, but also will give NYCHA the flexibility to maintain units over time and to prevent future cycles of disinvestment and disrepair. Much of the difference in operating costs between NYCHA and privately-operated RAD properties is due to more efficient private sector management practices. However, it is also easier and less expensive to maintain buildings that have received comprehensive repairs.

2. Improve Management Effectiveness and Efficiency and Publicly Track Progress and Impact

NYCHA's settlement agreement kickstarted a long overdue effort to improve management and accountability. Under the Transformation Plan, NYCHA is moving to property-based budgeting, restructuring its skilled trade divisions, revamping the work order system, upgrading its information technology systems, and adding a quality assurance division, among other reforms. These organizational changes come on top of "action plans" to address specific issues like elevator maintenance and heating outages, as outlined in its federal settlement agreement.

These efforts have the potential to make NYCHA's operations more efficient and effective. But without clear focus on both outcomes and the financial costs of compliance and repairs, the Transformation Plan threatens the financial viability of NYCHA's operations. Since signing the settlement agreement in January 2019, NYCHA's operating costs per unit have increased 20 percent while little evidence exists to show that management or physical conditions have improved. NYCHA's future depends on the Authority transforming itself into an effective and efficient property manager—both getting its own house in order and raising the funding needed for long overdue renovations.

NYCHA's federal monitor can also do more to drive NYCHA to become more efficient. When the federal monitor was first appointed, CBC called for the monitor to establish a performance management system based on the metrics included in the settlement agreement and to create a public dashboard to track both improvement and the impact of the agreement on NYCHA's finances. Noting the substantial political and financial risks of the agreement and the monitorship, CBC warned that they could become an open-ended burden on both NYCHA's operations and on the City treasury.

In November 2022, the monitor released a new report on NYCHA's progress towards meeting the benchmark requirements. However, the report did not provide a dashboard that the public or elected officials could use to evaluate NYCHA's progress and hold it accountable.[18] The monitor also has not evaluated the impact of the agreement on NYCHA's finances. More commonly, the monitor's reports call for increased spending without recommending how this can be done without negatively affecting NYCHA's finances.

The City and NYCHA's monitor should publicly track progress towards meeting benchmarks laid out in the operating agreement and the impact of those efforts on NYCHA's financial performance.

3. Negotiate Collective Bargaining Savings

The City has not focused on improving efficiency and reducing ongoing costs in its collective bargaining with NYCHA's unions. Instead, the City has picked up the tab for wage increases and compensated employees more for changes to work rules or scheduling. The City and NYCHA's federal monitor have extraordinary powers to modernize labor relations under the settlement agreement—powers that so far have largely gone unused.

In upcoming negotiations, with the help of ideas gathered by the federal monitor through its work to date, the City should seek to reform work rules, broaden job descriptions, reduce fringe benefit costs, and implement other operational changes to boost productivity and bring NYCHA's operating costs in line with those of other property managers. The private companies currently managing PACT properties may be a model for potential changes. Offering pattern raises without securing any productivity gains will only widen NYCHA's structural deficit and increase its reliance on City subsidies.

4. Overhaul Rent Collection Process

NYCHA should improve its current rent collection and enforcement processes, which currently are costing NYCHA hundreds of millions of dollars annually. Separate from any failings of the ERAP program and efforts to recoup outstanding rent arrears, NYCHA must make a concerted effort to ensure that residents pay rent on time going forward. Absent improvements, NYCHA's operating budget will continue to face deficits, calls for State bailouts and City-funded one-shots will recur, and NYCHA will not be able to provide adequate living conditions for its residents.

CONCLUSION

With rents and home prices in New York City reaching record levels, NYCHA remains a bastion of affordability and stability. Its 178,000 units, now spread across Section 8 and Section 9 programs, represent the largest stock of deeply affordable units in New York City. Preserving these units requires not only an infusion of capital funding, but also a transformation of NYCHA into an effective, efficient property manager—one that can sustain its operations with recurring operating revenues.

Getting back in balance will require structural reforms to how NYCHA operates and will result in sustained quality of life improvements for NYCHA residents. Alternatively, NYCHA will have to reduce services, leading to greater deterioration of its facilities and residents' quality of life, or increasingly rely on the City, whose only recourse would be to shift money from other services.

APPENDIX

Actual Spending on the Public Housing Portfolio by Calendar Year, 2018-2022

(dollars in millions)

PERSONAL SERVICE (PS)	2018	2019	2020	2021	2022	$ Change 2021-22	% Change 2021-22	$ Change 2018-22	% Change Since 2018	Share of Total Change Since 2018	Annual % Change
Salary	$607	$621	$675	$646	$659	$13	2.0%	$52	8.5%	11.3%	2.1%
Overtime	98	133	148	147	152	$5	3.2%	$54	55.4%	11.8%	11.7%
Fringe Benefits	523	551	577	570	543	($26)	-4.6%	$20	3.8%	4.3%	0.9%
Other Salary*	27	23	31	20	26	$6	29.3%	($1)	-2.5%	-0.1%	-0.6%
Subtotal PS	*$1,255*	*$1,329*	*$1,431*	*$1,383*	*$1,380*	*($3)*	*-0.2%*	*$125*	*10.0%*	*27.2%*	*2.4%*
OTHER THAN PERSONAL SERVICE (OTPS)											
Utilities	$556	$515	$526	$502	$533	$31	6.1%	($23)	-4.2%	-5.1%	-1.1%
Contracts	342	436	508	485	546	$60	12.5%	$203	59.3%	44.2%	12.4%
Supplies	95	99	114	103	127	$24	23.4%	$32	33.5%	7.0%	7.5%
Insurance	25	13	22	79	80	$1	1.2%	$55	220.4%	12.0%	33.8%
Leases	38	38	66	69	62	($7)	-9.5%	$24	64.4%	5.3%	13.2%
OTPS Other**	108	129	120	96	151	$55	57.6%	$43	40.0%	9.4%	8.8%
Subtotal OTPS	*$1,165*	*$1,231*	*$1,357*	*$1,334*	*$1,499*	*$165*	*12.4%*	*$335*	*28.7%*	*72.8%*	*6.5%*
TOTAL EXPENDITURES, PUBLIC HOUSING	**$2,419**	**$2,559**	**$2,788**	**$2,717**	**$2,879**	**$162**	**6.0%**	**$460**	**19.0%**	**100%**	**4.4%**
Public Housing Units under Management	176,000	173,000	170,000	168,000	162,000	(6,000)	-3.6%	(14,000)	-8.0%		-2.1%
Monthly Per-Unit Operating Costs	$1,145	$1,233	$1,367	$1,348	$1,481	$133	9.9%	$336	29.3%		6.6%
Headcount	10,761	10,834	11,061	11,689	11,772	83	0.7%	1,011	9.4%		2.3%

* Includes retroactive pay, shift differentials, longevity pay, allowances etc.

** Primarily payments to mixed-finance properties, provisions for bad debt. Smaller amounts of equipment, debt service.

Note: Expenditure data excludes spending funded by federal Section 8 Housing Choice Voucher grants. Annual percent change is reported as the compound annual growth rate (CAGR).

Source: Office of the New York City Comptroller, "Checkbook NYC Data Feeds" (accessed January 21, 2023).

ENDNOTES

[1] As properties convert from the traditional Section 9 public housing program to private management under PACT, the operating revenue and expenses for those properties move off NYCHA's public housing budget. City of New York, Mayor's Office of Operations, "Fiscal Year 2023 Preliminary Mayor's Management Report" (January 2023), www.nyc.gov/assets/operations/downloads/pdf/pmmr2023/2023_pmmr.pdf.

[2] CBC analysis of data from Office of the New York City Comptroller, "Checkbook NYC Data Feeds" (accessed January 21, 2023), New York City Housing Authority Expense Budget Transactions and Revenue Transactions.

[3] Sean Campion, *Stabilizing the Foundation: Transforming NYCHA to Address its Capital Needs* (Citizens Budget Commission, July 3, 2018), cbcny.org/research/stabilizing-foundation.

[4] In 2021, the average cost to operate a rent stabilized building built prior to 1974 was $791, excluding property taxes. Adjusted for inflation, that cost would be $862 in 2022 dollars. New York City Rent Guidelines Board, *2023 Income and Expense Study* (March 2023), https://rentguidelinesboard.cityofnewyork.us/wp-content/uploads/2022/03/2022-IE-Study.pdf.

[5] The New York Housing Development Corporation's underwriting guidelines for RAD/PACT conversions assume that post-conversion operating costs are $9,800, or $817 per month, excluding broadband and social services. New York City Housing Development Corporation, "NYCHA & HDC Underwriting Guidelines for PACT Program," (accessed January 21, 2023), www1.nyc.gov/assets/nycha/downloads/pdf/exhibitr-underwritingguidelines.pdf.

[6] New York City Housing Authority, "NYCHA Metrics" (accessed February 10, 2023), eapps.nycha.info/NychaMetrics/.

[7] Meeting minutes, New York City Housing Authority Board of Directors (December 21, 2022), mtc-iw.nycnet/assets/nycha/downloads/pdf/board-minutes-122122.pdf; Veronica Rose, "NYCHA Discontinues Over 31,000 Non-Payment Cases in Housing Court" *CityLand* (February 8, 2022), www.citylandnyc.org/nycha-discontinues-over-31000-non-payment-cases-in-housing-court/; and Jeff Coltin, "NYCHA tells state legislators what their districts owe in rent" *City and State* (February 14, 2023), www.cityandstateny.com/politics/2023/02/nycha-tells-state-legislators-what-their-districts-owe-rent/382920/.

[8] John Basile, "Report on the Fiscal 2023 Preliminary Plan and the Fiscal 2022 Mayor's Management Report for the New York City Housing Authority" *New York City Council Finance Division* (March 8, 2022), legistar.council.nyc.gov/View.ashx?M=F&ID=10609506&GUID=BAD40970-38A5-4C60-AE12-A138813693AF.

[9] Housing Authority of the City of Newark, *Annual Comprehensive Financial Report for Fiscal Year 2021 Ended December 31, 2021* (November 4, 2022), www.newarkha.org/Portals/0/BoardItems/Financial%20Transparency/CAFR/0009NHA%202021%20ACFR.pdf); New York City Housing Authority, *Annual Comprehensive Financial Report for the Years Ended December 31, 2021 and 2020* (June 2022), www.nyc.gov/assets/nycha/downloads/pdf/NYCHA-ACFR-2021.pdf; Buffalo Municipal Housing Authority, *Management's Discussion and Analysis, Financial Statements and Supplementary Information* (June 30, 2021), emma.msrb.org/P21578704-P21218734-P21640366.pdf; Philadelphia Housing Authority, *Financial and Compliance Report* (March 31, 2022), emma.msrb.org/P21616036-P21245001-P21669620.pdf; Chicago Housing Authority, *Annual Comprehensive Financial Report for the Years Ended December 31, 2021 and 2020* (September 19, 2022), emma.msrb.org/P21614155-P21243847-P21668087.pdf; Syracuse Housing Authority, *Management's Discussion and Analysis, Basic Financial Statements and Supplementary Information* (June 30, 2021), emma.msrb.org/P31436663-P31116101-P31527493.pdf.

[10] Veronica Rose, "NYCHA Discontinues Over 31,000 Non-Payment Cases in Housing Court" *CityLand* (February 8, 2022), www.citylandnyc.org/nycha-discontinues-over-31000-non-payment-cases-in-housing-court/.

[11] New York University Furman Center for Real Estate and Urban Policy, "Eviction Tracker: NYC Housing Court Eviction Filings" (accessed March 21, 2023), furmancenter.org/eviction-tracker.

[12] Testimony of Eva Trimble, Chief Operating Officer, New York City Housing Authority, before the New York City Council Committee on Public Housing, Budget and Oversight Hearing on the Preliminary Budget for Fiscal Year 2024 (March 13, 2023).

[13] The Aid to Localities bill in New York State's Fiscal Year 2024 Enacted Budget included $35 million designated specifically for NYCHA residents with "COVID rental arrears". A separate allocation of $356 million in State funds was appropriated for households who had already filed applications as of the January 2023 deadline, but the budget language does not limit that the funding to applicants from public or subsidized housing, nor does it change the priority order from the original ERAP enabling law in which households living in public housing and subsidized housing were ranked last. The budget also gives the State flexibility to reappropriate the $356 million for other needs at the discretion of the budget director. There is no guarantee that NYCHA will receive funding from this second pool.

[14] CBC staff analysis of City of New York, Office of Management and Budget, *The Cost of a One Percent Increase: Data as of December 31, 2020*, (Revised April 18, 2022); and City of New York, Office of the Mayor, "Mayor Adams and DC37 Announce Tentative Contract Agreement, Providing Fair Wage Increases and Other Benefits to Nearly 90,000 Employees and Securing Fair Deal for NYC Taxpayers" (press release, February 17, 2023), www.nyc.gov/office-of-the-mayor/news/120-23/mayor-adams-dc-37-tentative-contract-agreement-providing-fair-wage-increases-and#/0.

[15] New York City Housing Authority email to Citizens Budget Commission staff (January 27, 2023).

[16] Sean Campion, *Stabilizing the Foundation: Transforming NYCHA to Address its Capital Needs* (Citizens Budget Commission, July 3, 2018), cbcny.org/research/stabilizing-foundation.

[17] New York City Housing Authority, *NYCHA PACT Projects* (last updated April 2023, accessed May 15, 2023), www.nyc.gov/assets/nycha/downloads/pdf/PACT_Dataset.pdf.

[18] The Monitor's 60-page report references many of the internal reports and dashboards that the monitor and NYCHA have developed to track this progress, but it does not make that data available to the public, offering instead screenshots of summary data that is of limited use to the public or non-subject matter experts. See: Guidepost, *Monitor Report Measuring NYCHA's Compliance with the HUD Agreement* (November 2022), nychamonitor.com/wp-content/uploads/2022/11/Monitor-Metrics-Report-11.29.22.pdf.

www.cbcny.org

@cbcny

515 Broadway
Fourth Floor
Albany, NY 12207
518-429-2959

240 West 35th Street
Suite 302
New York, NY 10001
212-279-2605