

# **NEW YORK CITY HOUSING AUTHORITY**

**NEW YORK, NEW YORK**



**A Component Unit of The City of New York**

**ANNUAL REPORT  
FOR THE  
YEARS ENDED  
DECEMBER 31, 2020 AND 2019**





Gregory Russ  
Chair & Chief Executive Officer



Vito Mustaciuolo  
Chief Operating Officer



Annika Lescott  
Executive Vice-President  
& Chief Financial Officer



Jeffrey Lesnoy  
Controller





Government Finance Officers Association

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Reporting

Presented to

**New York City Housing Authority  
New York**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

*Christopher P. Morill*

Executive Director/CEO



# New York City Housing Authority

New York, New York

Annual Report

For the Years Ended December 31, 2020 and 2019

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**Baruch Houses, Manhattan**



**Marble Hill Houses, Bronx**



**Kingsborough Houses, Brooklyn**



**Pomonok Houses, Queens**



**RIIS Houses, Manhattan**



**South Beach, Staten Island**





**NEW YORK CITY HOUSING AUTHORITY**

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**GREGORY RUSS**

CHAIR & CHIEF EXECUTIVE OFFICER

June 17, 2021

Board Members of the Authority  
New York City Housing Authority  
90 Church Street – 10<sup>th</sup> Floor  
New York, New York 10007

The Real Estate Assessment Center (“REAC”) of the U.S. Department of Housing and Urban Development (“HUD”) requires that all public housing authorities publish, within nine months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* by a firm of independent certified public accountants. Pursuant to that requirement, we hereby issue the Annual Report of the New York City Housing Authority (the “Authority” or “NYCHA”) for the year ended December 31, 2020. The Audit Committee of the Authority’s board reviewed and approved the statements on June 17, 2021.

This Annual Report consists of management’s representations concerning the finances of the Authority. Management is responsible for the completeness and reliability of all the information presented in this report. To provide for a reasonable basis for making these representations, management of the Authority has established a comprehensive internal control framework that is designed both to protect its assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Authority’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh its benefits, the Authority’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement. As management, we assert that to the best of our knowledge and belief, this Annual Report is complete and reliable in all material respects.

The Authority’s 2020 financial statements have been audited by independent public accountants, Deloitte & Touche LLP. The purpose of the independent audit is to provide reasonable assurance that the financial statements of the Authority present fairly, in all material respects, the financial position and results of operations of the Authority.

The independent audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The independent auditors issued an unmodified opinion on the Authority's financial statements for the years ended December 31, 2020 and December 31, 2019, indicating that they were fairly presented, in all material respects, in accordance with GAAP. The independent auditors' report is presented as the first component of the financial section of this Annual Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the independent auditors' report.

### **Profile of the Authority**

The Authority, created in 1934, is a public benefit corporation chartered under New York State Public Housing Law. The Authority is a component unit of The City of New York.

As of December 31, 2020, the Authority provides affordable housing to approximately 366,000 low- and moderate-income New York City residents in 285 housing developments with approximately 168,000 apartments in the five boroughs. Through the Section 8 Housing Choice Voucher Program, the Authority assists approximately 88,500 families in locating and renting housing in privately owned buildings, housing approximately 198,000 residents.

The Authority's basic financial statements consist of a single enterprise fund, which includes the following programs:

- Low Rent Housing Program
- Public Housing Capital Fund Program
- Section 8 Housing Choice Voucher Program
- Section 8 Rental New Construction Program
- Other Grant Programs

Refer to Note 1 to the financial statements for a description of Authority programs. For further analysis, we have also included supplemental financial schedules for the programs individually, which can be found following the required supplementary information.

The Authority's basic financial statements also include the following blended component units:

- NYCHA Public Housing Preservation I, LLC
- NYCHA Public Housing Preservation II, LLC

Please refer to Notes 16 and 18 to the financial statements for a description and financial information relating to these component units.

### **HUD Agreement and Pollution Remediation**

HUD found NYCHA in "substantial default" of the U.S. Housing Act on January 31, 2019 following a federal lawsuit. HUD found that NYCHA failed to follow laws and regulations concerning lead-based paint; failed to provide decent, safe and sanitary conditions; and engaged in deceptive practices to hide the condition of NYCHA properties. As a result, NYCHA signed an agreement with HUD, the United States Attorney's Office for the Southern District of New York ("SDNY"), and the City of New York effective January 31, 2019 (the "Agreement") to remedy the physical deficiencies at NYCHA properties, ensure the Authority's compliance with federal law, and reform NYCHA's management structure. The obligations of this agreement apply to apartment units, common areas, residential buildings, and building sites consisting of public housing owned or operated by NYCHA and receiving funding through Section 9 of the Housing Act. The Agreement appointed a federal Monitor to oversee the Authority's compliance and to approve Action Plans that NYCHA has submitted to achieve all the requirements of the Agreement for the six pillar areas: lead, mold, heat, elevators, Public Housing Assessment System ("PHAS") inspections, and pests.

NYCHA agreed to perform lead-based paint interim controls, follow lead-safe work practices mandated by HUD and the U.S. Environmental Protection Agency (EPA), and perform specified lead-based paint abatement activities. These requirements include all apartments and interior common areas that contain lead-based paint in the same building as those units, in addition to all exterior common areas. Timelines are subject to a phased approach over the 20-year term of the Agreement. Based on its current evaluation, NYCHA has reflected \$2.6 billion and \$2.8 billion of pollution remediation liability (lead-based paint) in 2020 and 2019 respectively. While work streams and cash outlays will occur over the 20-year term of the Agreement, GASB Statement No. 49 requires that the lifetime estimate of the costs be recorded upon the triggering of the obligation. Total costs are subject to variations in testing, timing of when remediation and abatement can be executed, variation in contractor costs, and other factors.

As part of the Agreement, the City of New York committed to provide \$2.2 billion in capital funds over ten years to assist NYCHA in meeting its various obligations in the Agreement, of which \$772 million has been allocated to lead abatement as per the Action Plan approved by the Federal Monitor. Such funding will be treated as a voluntary nonexchange transaction and revenues will be recognized on a cost reimbursement basis.

NYCHA is not yet in full compliance with the requirements of the Agreement and lead-based paint regulations but continues to work with the Monitor to improve its compliance.

## Financial Results

The Authority's *Loss before Special Item and Capital Contributions* for 2020 was \$505 million, compared to a loss of \$451 million for 2019. The increase in the loss for 2020 consisted of a variety of offsetting factors including \$91 million decrease in tenant revenues, \$130 million increase in OPEB expense due to a decline in discount rate, \$30 million depreciation increase on capital assets, \$93 million increase of other operating expenses largely explained by COVID-19 response efforts, \$130 million in CARES Act funding, \$205 million improvement in gains/losses on real estate transaction and \$45 million of unfavorable changes in other categories. The improvement in gains/losses on real estate transactions is largely due to one-time valuation losses recorded in 2019 on the Ocean Bay-Bayside transaction.

While the Federalization of the State- and City-built developments has helped to reduce the Authority's historical budget deficits, ongoing structural operating deficits are projected to continue, primarily attributable to federal underfunding of public housing and increased employee entitlement costs.

In 2020, the Authority recorded *Special item* cost reversals relating to pollution remediation (lead-based paint) totaling \$201 million representing reduction of expected costs largely as a result of decrease of positive lead tests in apartments and due to PACT transactions closed in 2020 which reduced the number of apartment units in the Authority's portfolio. In 2019, *Special item* costs of \$2.751 billion relating to lead-based paint were recorded. Loss before Capital Contributions was \$304 million and \$3.203 billion for 2020 and 2019 respectively.

## Factors Affecting Financial Condition

To assess the Authority's overall financial condition, the following information contained within the Authority's financial statements should be considered in connection with an understanding of the following major factors affecting its financial condition:

***Congressional Budget and HUD Policy.*** As a public housing authority ("PHA"), the Authority's primary source of funding is HUD. The amount of funding received from HUD is affected by Congressional housing legislation and the federal budget. The Authority continually monitors changes and trends in the Congressional Budget and HUD policy and adjusts its strategy and financial planning accordingly.

***Public Housing Subsidies - Operating Fund Program.*** HUD's Public Housing Operating Fund provides subsidies to PHAs nationwide to operate and maintain public housing in local communities. HUD calculates each PHA's eligibility for operating subsidy based on the PHA's expense levels less their formula income. However, appropriations have generally fallen short of the funding levels required to fully fund public housing operations in accordance with HUD's eligibility formula. It is also important to note that while HUD's formula takes location into account, New York City has long advocated that the system is inequitable when one considers its uniquely high construction and employment costs in comparison to authorities across the US. In 2020, PHAs nationwide were eligible to receive \$4.6 billion in operating subsidy. The final appropriation was \$5.1 billion at 112 percent proration, which translates to \$1.12 dollars for every dollar PHAs were eligible for based on the operating formula. (The 2020 appropriations were an



increase over the 97.8 percent from 2019 and 94.74 percent in 2018.) This resulted in the Authority being awarded \$1.123 billion of operating subsidy during the fiscal year, including \$150 million in CARES Act funding, of which it drew down \$120 million. Unlike regular Operating Funds, CARES Act funds may not roll into a PHA's reserves and must be expended by December 31, 2021, or they will be recaptured by HUD. PHA's may only draw down CARES Act funds for immediate expenditures.

The 2021 budget assumes an operating subsidy of \$1.015 billion. Thus far, 2021 appropriations are higher than anticipated, mainly due to higher subsidy eligibility owing to HUD adjustments for lower PHA rent collection. Based on the current formula and the interim proration of 96 percent, NYCHA anticipates receiving approximately \$101.5 million more operating subsidy than budgeted in 2021.

***Public Housing Subsidies - Capital Fund Program.*** The Capital Fund Program provides financial assistance in the form of grants to public housing authorities to carry out capital and management activities, including those listed in Section 9(d)(1) of the United States Housing Act of 1937. Congress provides Capital Funds through annual appropriations. The Capital Fund formula factors modernization backlog (existing modernization needs) and accrual needs in the calculation. The Capital Fund Rule went into effect on November 25, 2013 and combined the existing Capital Fund and development regulations into a consolidated regulation. The Authority received \$259 million in funding from HUD for the Public Housing Capital Fund Program. The Authority's 2020 Capital Fund allocation was \$585 million.

***Section 8 Housing Choice Voucher Program.*** The Housing Choice Voucher (HCV) Program is a federally funded program that provides rental assistance to eligible low-income families to fund affordable housing in the private rental market. The Authority's HCV program is the largest in the United States. Nearly 25,000 property owners currently participate in the program. During 2020, the Authority received \$1.262 billion in subsidies from HUD for the Section 8 Housing Voucher Programs, representing a \$77 million increase over 2019.

***CARES Act Funding.*** The CARES Act (Public Law 116-36) provides critical supplemental resources and waiver flexibilities for Public Housing Authorities to prevent, prepare for, and respond to the coronavirus, including maintenance of normal operations. As a result of the CARES Act, the Authority was allocated \$150 million of additional Public Housing operating funds from HUD, of which \$120 million was drawn in 2020 with the balance expected to be drawn in 2021. Availability of funds has been extended through December 31, 2021. Pursuant to the Office of Public and Indian Housing ("PIH") Notice 2020-07, the supplemental operating funds can be used without prior HUD approval for eligible Capital Fund and Operating Fund activities under Section 9(d) and Section 9(e) of the 1937 Act respectively, and other expenses related to coronavirus response. In 2020, the Authority received \$37 million of Section 8 administrative fee supplemental funding from HUD to be spent by December 31, 2021 on eligible programmatic needs and COVID 19 response activities, of which \$10 million was spent in 2020.

***Federalization of New York State and City of New York Developments.*** Subsidy funding for 21 developments originally built by the State of New York and the City of New York was eliminated by the State in 1998 and by the City in 2003. A first step in addressing the funding shortfall for

these 21 State- and City-built developments was taken on September 21, 2008, when the Authority received approval of its management plan for its Section 8 Voluntary Conversion Program. Through the end of 2017, the Authority converted 4,700 units in the State- and City-built developments to Section 8 funding. The American Recovery and Reinvestment Act of 2009 (ARRA) presented PHAs across the country with an opportunity to re-invest in and develop public housing units. NYCHA capitalized on this opportunity to seek funding for the 21 State- and City-built developments. NYCHA became eligible to receive approximately \$65 million in recurring annual operating and capital subsidies for nearly 12,000 units at these developments. During 2020 and 2019, the Authority received \$70 million and \$71 million respectively, in operating subsidies for these units.

***Five-Year Operating Plan.*** NYCHA's 2020-2024 Operating Plan includes initiatives to increase revenue, contain costs, and operate as a more efficient landlord. In December 2018, the Authority unveiled NYCHA 2.0, a comprehensive plan to preserve public housing which will resolve \$15.8 billion, or up to 50 percent, of NYCHA's estimated \$31.8 billion overall capital need. This plan will include:

- Permanent Affordability Commitment Together (PACT) – PACT will center on the conversion of public housing funding to Section 8 project-based vouchers and the creation of public- private partnerships. Under PACT, NYCHA seeks to identify resources and opportunities to make major physical and operational improvements, while preserving long term affordability, maintaining strong resident rights and stabilizing developments by providing them with a more stable flow of federal subsidy.
- Built to Preserve – develop new mixed-income buildings on select NYCHA campuses with proceeds from new construction to be used to renovate adjacent and other NYCHA developments.
- 100% Affordable Housing and Seniors First – plan to create new Senior housing on underused NYCHA properties through long term ground leases to developers which will construct new developments on property.

***Physical Needs Assessment.*** In 2016, NYCHA engaged a consulting firm to perform a Physical Needs Assessment (“PNA”) of the complete NYCHA portfolio of buildings. The goal was to get a sound and thorough understanding of the existing conditions of NYCHA buildings and grounds. The PNA concluded that the total projected cost of all needs - repair and replacement - over the next five years is \$31.8 billion. This amount continues to grow with inflationary and construction escalation factors. The bulk of this need is due to the aging NYCHA portfolio; the average age of a NYCHA building is roughly 60 years, and 70 percent of the portfolio was built prior to 1970. Under current accounting rules, there is no requirement to record or disclose the costs of such deferred maintenance within the financial statements.

***Blueprint for Change.*** In July 2020, NYCHA Chair and CEO Greg Russ presented “A Blueprint for Change,” a comprehensive set of ideas that outlines potential pathways for the Authority’s reorganization and investing of capital to stabilize and improve its properties, with additional impacts that could drive jobs and recovery strategies. The capital strategy includes the creation of a Public Housing Preservation Trust that would enable the Authority to address \$18 billion in capital need across roughly 110,000 apartments. When combined with NYCHA 2.0 strategies

across the other 62,000 apartments, the stabilization strategy will address the physical needs across the entire portfolio. Through this plan, the Authority would address all compliance elements of the HUD Agreement and meet basic housing quality standards. With new initiatives underway, the Authority is working to strengthen our organization and our delivery of services to residents and ensure the longevity of public housing in New York City.

***Economic conditions in New York City.*** The COVID-19 pandemic resulted in the closure of all non-essential businesses within New York State in addition to social distancing and other restrictive measures beginning March 22, 2020. While many, but not all, of such restrictions were gradually lifted during the second half of 2020, the pandemic caused a substantial and disproportionate impact on the local New York City economy with the service, hospitality and tourism sectors especially hard hit. As representative of New York City, the New York State unemployment rate just before the pandemic was 3.9 percent, peaking at 16.2 percent in April 2020, maintaining a rate above 10 percent through September 2020 and declining to 8.5 percent in March 2021. Further declines in the unemployment rate in the second half of 2021 are expected as the State and City of New York have identified its plans to fully re-open the local economy in July 2021.

***Rental Revenue.*** Rent provides a significant portion of the Authority's income. After review of the household composition, income, assets, and expenses, the Authority sets a household's rent at either 30 percent of the household's adjusted gross income or the flat rent, whichever is lower. Adjusted gross income is the household's gross income plus the cash value of assets minus any exclusions and allowable deductions. In comparison, flat rent is set at 80 percent of Fair Market Rent (FMR) and is based on rent charged for similar units in the private, non-subsidized rental market. 2020 rental revenue, net of \$97 million provision for bad debts, was \$943 million. 2019 rental revenue, net of \$29 million provision for bad debts, was \$1.033 billion. The year to year changes in rental revenue were primarily a result of the economic impact of the COVID-19 pandemic on tenants and, to a lesser extent, due to closed PACT transactions.

***GFOA.*** The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the Authority for its annual report for the fiscal year ended December 31, 2019. This was the seventeenth consecutive year that the Authority achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual report that demonstrates a constructive "spirit of full disclosure." This report must satisfy both generally accepted accounting principles and applicable legal requirements. A copy of the 2019 *Certificate of Achievement for Excellence in Financial Reporting* can be found at the front of this Annual Report.

The Authority issued its audited financial statements for the year ended December 31, 2020 within the guidelines established by HUD and GFOA. The Single Audit will be issued ahead of the extended deadlines established by HUD. The timely issuance of its audited financial statements has once again afforded the Authority the opportunity to compete for the Government Finance Officers Association's *Certificate of Achievement for Excellence in Financial Reporting*. We believe that the current annual report continues to meet the Certificate of Achievement Program's

rigorous requirements. NYCHA will submit the Annual Report for the year ending December 31, 2020 to the GFOA for award consideration.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "A Lescott". The signature is written in a cursive style with a large initial "A" and a stylized "L".

Annika Lescott  
Executive Vice President and Chief Financial Officer



**Wagner Houses, Manhattan**



**Eastchester Gardens, Bronx**



**Castle Hill Houses, Bronx**



**Douglas Houses, Manhattan**







**NEW YORK CITY HOUSING AUTHORITY**  
**LIST OF PRINCIPAL OFFICIALS**  
**June 01, 2021**

NAME	TITLE
<b>NYCHA BOARD</b>	
Gregory Russ.....	Chair & Chief Executive Officer
Paula Gavin.....	Board Member
Matt Gewolb.....	Board Member
Joseph Adams.....	Resident Board Member
Victor A. Gonzalez.....	Resident Board Member
Jacqueline Young.....	Resident Board Member
Vacant.....	Vice Chair/Board Member
<b>SENIOR MANAGEMENT</b>	
Vito Mustaciuolo.....	Chief Operating Officer
Annika Lescott.....	Executive Vice-President and Chief Financial Officer
Patti Bayross.....	Executive Vice-President and Chief Information Officer
Kerri Jew.....	Executive Vice-President and Chief Administrative Officer
Eva Trimble.....	Executive Vice-President for Strategy & Innovation
Lisa Bova-Hiatt.....	Executive Vice-President for Legal Affairs & General Counsel
Johnathan Gouveia.....	Executive Vice-President for Real Estate
Lakesha Miller.....	Executive Vice-President for Leased Housing
J. Steven Lovci.....	Executive Vice-President for Capital Projects
Sideya Sherman.....	Executive Vice-President Community Engagement & Partnerships
Barbara Brancaccio.....	Chief Communications Officer
Daniel Greene.....	Chief Compliance Officer
Joey Koch.....	Chief of Staff
Vilma Huertas.....	Special Advisor to the Chair
Jeffrey Lesnoy.....	Controller



# **FINANCIAL**

# **SECTION**



# **REPORT OF INDEPENDENT AUDITORS**



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and the Audit Committee  
of the New York City Housing Authority

### Report on the Financial Statements

We have audited the accompanying statements of net position of the New York City Housing Authority (the "Authority"), a component unit of The City of New York, as of December 31, 2020 and 2019, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2020 and 2019, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in NYCHA's Total OPEB Liability and Related Ratios, Schedule of the Authority's Contributions to the New York City Employees' Retirement System (NYCERS), and Schedule of the Authority's Proportionate Share of the Net Pension Liability of NYCERS, as listed in the table of contents, be presented to supplement the basic financial statements.

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Introductory Section and Statistical Section, listed in the foregoing table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

*Deloitte & Touche LLP*

June 17, 2021



**MANAGEMENT'S  
DISCUSSION  
AND ANALYSIS  
(UNAUDITED)**



# NEW YORK CITY HOUSING AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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The following is a narrative overview and analysis of the Authority's financial activities for the years ended December 31, 2020 and 2019. It should be read in conjunction with the transmittal letter at the beginning of this report, the Authority's financial statements following this section and the notes to the financial statements.

#### OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The **Statements of Net Position** present the Authority's *assets, deferred outflows, liabilities, and deferred inflows* at the end of the year. *Net position* is the difference between (a) assets and deferred outflows and (b) liabilities and deferred inflows. Over time, increases or decreases in *Net Position* is a useful indicator as to whether the Authority's financial health is improving or deteriorating.

The **Statements of Revenues, Expenses, and Changes in Net Position** report the Authority's operating results and how its Net Position changed during the year. All Revenues, Expenses, and Changes in Net Position are reported on an *accrual basis* of accounting, which reports events as they occur, rather than when cash changes hands (*cash basis* of accounting).

The **Statements of Cash Flows** report how the Authority's cash and cash equivalents increased or decreased during the year. The statements report how cash and cash equivalents were provided by and used in the Authority's operating, non-capital financing, capital and related financing, and investing activities. The Authority uses the direct method of presenting cash flows, which includes a reconciliation of operating income or loss to cash flows related to operating activities.

The **Notes to the Financial Statements** are an integral part of the financial statements, disclosing information which is essential to a full understanding of the statements.

#### REQUIRED SUPPLEMENTARY AND STATISTICAL INFORMATION

The **Required Supplementary Information** presents information regarding: (1) the Authority's changes in total OPEB Liability and related ratios; (2) the Authority's contributions to the New York City Employees' Retirement System ("NYCERS"), and (3) the Authority's proportionate share of the Net Pension Liability of NYCERS.

The **Statistical Section** provides information on the Authority's overall economic condition. The major categories presented are: (1) financial trends; (2) revenue capacity; (3) debt capacity; (4) demographic and economic information; and (5) operating information.

## FINANCIAL HIGHLIGHTS AND ANALYSIS

The Authority's *Loss before special item and capital contributions* for 2020 was \$505 million compared to a loss of \$451 million in 2019. This \$54 million unfavorable variance includes a \$97 million unfavorable variance in *Operating revenues*, \$331 million unfavorable variance in *Operating expenses*, partially offset by a \$374 million favorable variance in *Non-Operating Revenues*.

The \$201 million *Special item* represents an adjustment of expected costs of future lead remediation and abatement activities. In 2019, the *Special item* costs of \$2.751 billion represented the initial estimate of expected costs for lead based paint remediation and abatement in order to comply with the HUD/SDNY agreement (see Note 19) and New York City Local Law 1. While workstreams and cash outlays will occur over the 20-year term of the agreement, GASB Statement No. 49 requires that the lifetime estimate of the costs be recorded upon the triggering of the obligation. Total costs are subject to variations in testing, timing of when remediation and abatement can be executed, variation and inflation in contractor costs, and other microeconomic and macroeconomic factors. Costs recorded do not include components that are not reasonably estimable such as exterior building surfaces, fences and soil where the Authority does not have reliable information to reasonably estimate lead findings and related costs at this time.

The \$97 million decrease in *Operating revenues* represents a decrease of \$91 million in *Tenant revenue* and a \$6 million decrease in *Other income*. The high unemployment rate and reduction in wages effecting tenants during the COVID-19 pandemic (Note 20) was a major factor impacting rent collections as well as rent decreases for developments which were subject to PACT transactions (Note 15) in 2019 and 2020.

The increase of \$331 million in *Operating expenses* is led by an increase of \$130 million in *OPEB expense* primarily the result of a change in the discount rate assumption from 3.26% in 2019 to 1.93% in 2020 (see Note 12). In addition, there was a \$78 million increase for *Rent for lease dwellings* which was entirely offset by Section 8 Housing Assistant Program subsidy (Note 14). *Depreciation* has increased by \$30 million due to an increase in Capital assets. Other operating expenses increased \$93 million in the aggregate, partially driven by cost increases relating to COVID-19 (Note 20).

The \$374 million favorable variance in *Non-operating revenues, net*, primarily includes a \$205 million increase in *Subsidies and grants* (Note 14) and a \$203 million favorable variance for *Gain(Loss) on Real estate transactions* (see Note 15). The increase in *Subsidies and grants* is comprised of \$130 million CARES Act funding (see Notes 14 and 20) and a \$77 million increase in Section 8 Housing Assistant Payments to cover increase costs in *Rent for lease dwellings*. *Gain(Loss) on Real Estate Transactions* had a favorable variance of \$203 million, due to \$169 million of valuation losses recorded on the Ocean Bay-Bayside PACT transaction in 2019 and due to certain gains on 2020 real estate transactions.

### Summary of Net Position (\$ in thousands)

	2020	2019	2018
Current and other assets	\$ 3,037,426	\$ 2,918,049	\$ 2,902,022
Capital assets, net	<u>8,191,131</u>	<u>7,520,684</u>	<u>7,040,782</u>
<b>Total Assets</b>	<b><u>11,228,557</u></b>	<b><u>10,438,733</u></b>	<b><u>9,942,804</u></b>
<b>Deferred Outflows of Resources</b>	<b><u>1,008,189</u></b>	<b><u>560,184</u></b>	<b><u>176,125</u></b>
Current liabilities	1,547,700	1,392,980	1,187,976
Non-current liabilities	<u>8,488,260</u>	<u>7,877,658</u>	<u>5,069,063</u>
<b>Total Liabilities</b>	<b><u>10,035,960</u></b>	<b><u>9,270,638</u></b>	<b><u>6,257,039</u></b>
<b>Deferred Inflows of Resources</b>	<b><u>448,243</u></b>	<b><u>621,286</u></b>	<b><u>431,108</u></b>
Net investment in capital assets	7,504,162	6,897,324	6,450,404
Unrestricted deficit	<u>(5,751,619)</u>	<u>(5,790,331)</u>	<u>(3,019,622)</u>
<b>Total Net Position</b>	<b><u>\$ 1,752,543</u></b>	<b><u>\$ 1,106,993</u></b>	<b><u>\$ 3,430,782</u></b>

#### December 31, 2020 vs. December 31, 2019 (\$ in thousands)

- The Authority's *Net Position* increased by \$645,550 from the prior year, comprised of *Capital Contributions* of \$949,982, partially offset by *Loss before capital contributions* of \$304,432.
- The *Loss before Capital contributions* of \$304,432 includes a cost reduction on a *Special Item* of \$200,881, representing a decrease of future expected costs to be incurred on lead paint remediation and abatement efforts. (see Note 7)
- The \$119,377 increase in *Current and other assets* is comprised primarily of increases of \$78,563 in Notes Receivable, net, due primarily due to Loan Participation and a Purchase money note issued on the Manhattan Bundle PACT transaction in 2020.(see Note 15)
- The increase of \$670,447 in *Capital assets, net* represents the current year additions of \$1,097,923 less Depreciation expense of \$401,588 and the net book value of the capital assets sold or retired of \$25,888 (see Note 6).
- The increase of \$448,005 in *Deferred Outflows of Resources* from \$560,184 to \$1,008,189 is primarily comprised of increases of \$381,882 in deferred amount on OPEB, largely due to changes in the discount rate assumption, and \$69,235 in deferred amount on pensions, due primarily to net differences between projected and actual earnings on pension plan investments and partially due to differences between expected and actual experience.
- The \$154,720 increase in *Current liabilities* primarily represents increases of \$74,377 in unearned revenues, primarily from the Federal Emergency Management Agency ("FEMA"), \$31,081 increase in current pollution remediation obligations for testing costs and \$23,030 in accounts payable, primarily contract retentions.
- *Non-current liabilities* increased by \$610,602 primarily comprised of an increase of \$656,158 in the OPEB liability, an increase of \$140,172 of Unearned revenue, an increase of \$91,342 of Pension liability, partially offset by a \$303,901 decrease in long term pollution remediation obligations. The OPEB liability increased primarily due to a change in discount rate assumption from 3.26% to 1.93% (see Note 12). Unearned revenues increased largely due to consideration received on 2020 PACT transactions including Manhattan Bundle and Brooklyn Bundle (see Note 15). The Pension liability increased largely due to declines in 2020 investment income within the pension plan. The pollution remediation obligations were reduced due to \$200,881 expected cost decrease of future lead remediation and abatement activities largely as a result of

decline in positive lead test results in apartment units, reduction of number of apartment units due to PACT transactions (see Note 15) in addition to payments made related to lead remediation efforts (see Note 7).

- The *Deferred Inflows of Resources* decrease of \$173,043 to \$448,243 is comprised of decreases in deferred inflow amounts of \$97,215 on OPEB, due primarily to changes in assumptions, and \$75,828 on pensions, due primarily to net differences between projected and actual earnings on pension plan investments and partially to differences between expected and actual experience.

#### **December 31, 2019 vs. December 31, 2018 (\$ in thousands)**

- The Authority's *Net Position* decreased by \$2,323,789 from the prior year, comprised of a *Loss before capital contributions* of \$3,202,690, partially offset by *Capital contributions* of \$878,901.
- The *Loss before Capital contributions* of \$3,202,690 includes a *Special Item* of \$2,751,291, representing the current year pollution remediation costs for lead based paint (see Note 7).
- The \$16,027 increase in *Current and other assets* is due primarily to an increase of \$45,811 in Accounts Receivable, net and an increase of \$85,503 in Subsidies receivable, partially offset by a decrease of \$61,902 in Cash and investments, due largely to the decrease of restricted cash for the Sandy Recovery fund, and due to a \$54,926 decrease in Notes and loans receivable, net, primarily due to valuation decreases in real estate related receivables.
- The increase of \$479,902 in *Capital assets, net* represents the current year additions of \$852,166 less Depreciation expense of \$371,713 and the net book value of the capital assets sold or retired of \$551 (see Note 6).
- The increase of \$384,059 in *Deferred Outflows of Resources* from \$176,125 to \$560,184 is primarily comprised of increases of \$328,813 in deferred amount on OPEB, and \$55,422 in deferred amount on pensions, both due to differences between expected and actual experience.
- The \$205,004 increase in *Current liabilities* primarily represents an increase of \$129,881 in the current portion of the pollution remediation obligation for lead-based paint (see Note 7). Accrued liabilities also increased by \$64,878.
- *Non-current liabilities* increased by \$2,808,595, primarily representing an increase of \$2,620,435 in the long-term portion of the pollution remediation obligation, due primarily to lead based paint (see Note 7). The OPEB liability also increased by \$254,146 (see Note 12), due primarily to unfavorable variances between expected and actual experience, partially offset by favorable variances in change in assumptions. The long-term portion of Claims payable increased \$38,849, primarily representing an increase in incurred losses for the self-insured general liability program (see Note 9). These increases are partially offset by a decrease of \$72,709 in the Net pension liability, due primarily to (1) favorable variances between projected and actual investment earnings on pension plan investments; and (2) a decrease in the Authority's employer allocation percentage in fiscal year 2019 (see Note 12). Long-term debt also decreased by \$41,671, primarily representing principal payments during the year (see Note 10).
- The *Deferred Inflows of Resources* increase of \$190,178 is due to increases in deferred inflow amounts of \$107,389 on OPEB, due primarily to changes in assumptions, and \$82,789 on pensions, primarily representing changes in proportion and differences between contributions subsequent to the measurement date.

**Summary of Revenues, Expenses, and Changes in Net Position (\$ in thousands)**

	2020	2019	2018
<b>OPERATING REVENUES:</b>			
Tenant revenue, net	\$ 967,456	\$ 1,058,488	\$ 1,070,022
Other income	69,690	75,762	36,751
<b>Total Operating Revenues</b>	<b><u>1,037,146</u></b>	<b><u>1,134,250</u></b>	<b><u>1,106,773</u></b>
<b>OPERATING EXPENSES:</b>			
Rent for leased dwellings	1,139,219	1,061,638	1,006,991
General and administrative	967,123	949,768	890,679
Maintenance and operations	924,486	875,510	875,431
Utilities	547,483	541,747	582,405
Depreciation	401,588	371,713	366,632
OPEB expense	257,391	127,536	129,110
Protective services	37,799	24,635	29,833
Tenant services	27,678	19,219	17,389
<b>Total Operating Expenses</b>	<b><u>4,302,767</u></b>	<b><u>3,971,766</u></b>	<b><u>3,898,470</u></b>
<b>OPERATING LOSS</b>	<b>(3,265,621)</b>	<b>(2,837,516)</b>	<b>(2,791,697)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Subsidies and grants	2,722,702	2,517,894	2,387,205
Insurance recoveries	-	-	131,972
Investment income	15,401	36,165	25,811
Gain (Loss) on real estate transactions	56,960	(146,483)	14,898
Change in fair value of investments	1,200	13,318	(3,304)
Interest expense	(35,955)	(34,777)	(32,794)
<b>Total Non-Operating Revenues, Net</b>	<b><u>2,760,308</u></b>	<b><u>2,386,117</u></b>	<b><u>2,523,788</u></b>
<b>LOSS BEFORE SPECIAL ITEM AND CAPITAL CONTRIBUTIONS</b>	<b>(505,313)</b>	<b>(451,399)</b>	<b>(267,909)</b>
<b>SPECIAL ITEM:</b>			
Pollution remediation costs - lead based paint	(200,881)	2,751,291	-
<b>LOSS BEFORE CAPITAL CONTRIBUTIONS</b>	<b>(304,432)</b>	<b>(3,202,690)</b>	<b>(267,909)</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b><u>949,982</u></b>	<b><u>878,901</u></b>	<b><u>820,368</u></b>
<b>CHANGE IN NET POSITION</b>	<b>645,550</b>	<b>(2,323,789)</b>	<b>552,459</b>
NET POSITION, BEGINNING OF YEAR	<u>1,106,993</u>	<u>3,430,782</u>	<u>2,878,323</u>
<b>NET POSITION, END OF YEAR</b>	<b><u>\$ 1,752,543</u></b>	<b><u>\$ 1,106,993</u></b>	<b><u>\$ 3,430,782</u></b>

### 2020 vs. 2019 (\$ in thousands)

- The *Operating Loss* for the Authority increased \$428,105 from \$2,837,516 in 2019 to \$3,265,621, due to an increase of \$331,001 in *Operating Expenses* and a decrease of \$97,104 in *Operating Revenues*.
- The \$331,001 increase in *Operating Expenses* is led by increases of \$129,855 in OPEB expense (Note 12) due to a change in discount rate assumption from 3.26% to 1.93%. In addition, *Rent for leased dwellings* increased by \$77,581 due to higher Housing Assistant Program (“HAP”) payments per voucher unit and due to an increase in voucher units in 2020. However, such Rent cost increases were offset by a similar increase in Section 8 HAP subsidy (Note 14). *Depreciation* has increased by \$29,875 due to a continued increase in Capital assets. Other operating expenses, in the aggregate, increased \$93,690 primarily driven by cost increases relating to COVID-19 (Note 20). As a result of COVID-19 pandemic, the Authority has committed to taking emergency protective measures to sanitize facilities and provide safety to its residents and employees during these challenging times. Estimated 2020 costs in the Public Housing Program in order to respond to COVID-19 was \$78,145 comprised of sanitizing costs, PPE, incremental staffing and other related costs. An additional \$10,037 of costs were incurred in 2020 within the Section 8 Housing Choice Voucher program in order to respond to COVID-19.
- The \$97,104 decrease in *Operating Revenues* is comprised of \$91,032 decrease in *Tenant revenue* and a \$6,072 decrease in *Other income*. The high unemployment rate and reduction in wages effecting our tenants during the COVID-19 pandemic (Note 20), along with federal and local eviction moratoriums, was the most significant factor impacting rent collections and *Tenant revenue*. In addition, PACT transactions (Note 15) in both 2019 and 2020, reduced the number of apartment units and related rent collections. The decrease in *Other income* is primarily due to a decline in developer fees.
- *Non-operating revenues, net* increased by \$374,191, primarily representing a \$204,808 increase in *Subsidies and grants* (Note 14) and a \$203,443 increase in *Gain(Loss) on real estate transactions*. The increase in Subsidies and grants included \$120,084 and \$10,037 of CARES Act funding for the Public Housing and Section 8 Programs respectively which provided for funds to prevent, prepare for and respond to COVID-19, including maintenance of normal operations. In addition, the Subsidies and grants increased due to a \$77,041 increase in Section 8 Housing Assistant Payments, which was provided to cover a similar increase in *Rent for leased dwellings expenses*. The \$203,443 improvement in *Gain(loss) on Real Estate Transactions* is largely due to \$169,499 of 2019 valuation/impairment losses recorded on the Ocean Bay-Bayside PACT transaction (see Note 15) and due to certain gains on real estate transactions in 2020.
- The \$200,881 *Special item* (cost reduction) in 2020 represents reduction of expected costs for future lead remediation and abatement activities, largely as a result of reduction of positive lead tests (see Note 7) in apartments and due to PACT transactions (see Note 15) which reduced the number of apartment units. In 2019, the *Special item* (costs) of \$2,751,291 represented the initial estimate of expected costs for lead based paint remediation/abatement in order to comply with the HUD/SDNY agreement (see Note 19) and New York City Local Law 1. While workstreams and cash outlays will occur over the 20-year term of the agreement, GASB Statement No. 49 requires that the lifetime estimate of the costs be recorded upon the triggering of the obligation.
- *Capital Contributions* increased \$71,081 to \$949,982 in 2020. The current year contributions are primarily comprised of \$407,011 from FEMA relating to Superstorm Sandy, \$358,637 for the Capital Fund Program, and \$102,086 from The City of New York as part of its “City Capital” program. The growth in 2020 is largely a result of a \$139,025 increase in the Capital Fund Program, a \$36,923 increase for the FEMA programs, partially offset by a \$46,467 decrease in the City Capital program and a \$28,993 decrease in the Sandy CDBG program.



### 2019 vs. 2018 (\$ in thousands)

- The *Operating Loss* for the Authority increased \$45,819 from \$2,791,697 in 2018 to \$2,837,516 in 2019, due to an increase of \$73,296 in *Operating Expenses*, partially offset by an increase of \$27,477 in *Operating Revenues*.
- The \$27,477 increase in *Operating Revenues* is comprised of an increase of \$39,011 in Other income, primarily representing increases of \$30,687 in developer fees and \$8,671 in insurance reimbursements, partially offset by a decrease of \$11,534 in Tenant revenue, net, of which \$5,252 represents an increase in rent collection losses and the balance is primarily due to a decrease in the average number of families on the rent roll.
- The \$73,296 increase in *Operating Expenses* is led by increases of \$59,089 in *General and administrative*, of which \$25,005 is for claims and insurance and the balance primarily represents increases in computer, fire safety, and staff augmentation costs. *Rent for leased dwellings* increased by \$54,647 due to an increase in the average per unit voucher cost. These increases are partially offset by a decrease of \$40,658 in *Utilities*, primarily for electricity and heating gas. It must be noted that while Maintenance and operations are flat in the aggregate, there are offsetting expenses in each year as follows. In 2019, there was a \$26 million increase in heating and boiler maintenance, a \$20 million increase in labor (seasonal employees and overtime), a \$ 15 million increase in mold remediation costs and a \$21 million increase in ordinary maintenance operations. In 2018, NYCHA recorded Maintenance and operations expense for a one-time \$ 92 million cost for x-ray fluorescence (XRF) tests to better survey the properties for the presence of positive lead- based paint components.
- *Non-operating revenues, net*, decreased by \$137,671, primarily representing an unfavorable variance of \$161,381 in *Real Estate transactions*, resulting in a loss of \$146,483, due to an \$80 million decrease in the net value of a Notes Receivable and an \$89 million impairment of an asset both relating to the Ocean Bay-Bayside transaction (see Note 15). *Insurance recoveries* relating to Superstorm Sandy decreased by \$131,972. These decreases are partially offset by an increase of \$130,689 in *Subsidies and Grants* (see Note 14) and an increase of \$26,976 in *Investment income* due to changes in interest rates. The increase in subsidies is primarily comprised of increases of \$64,482 in the Federal Operating Subsidy due to an increase in the eligible amount due from HUD and to an increase in the pro-ration factor from 94.74% to 97.77%, \$44,359 in Section 8 HAP subsidy to cover increased costs in the Leased Housing Program, and \$22,013 from The City of New York.
- The *Special item* costs of \$2,751,291 for lead based paint remediation and abatement (see Note 7) represents NYCHA’s estimated costs to comply with the HUD/SDNY agreement effective 1/31/19 (see Note 19) and New York City Local Law 1. While workstreams and cash outlays will occur over the 20-year term of the agreement, GASB 49 requires that the lifetime estimate of the costs be recorded upon the triggering of the obligation. Total costs are subject to variations in testing, timing of when remediation and abatement can be executed, variation and inflation in contractor costs, and other microeconomic and macroeconomic factors. Costs recorded do not include components that are not reasonably estimable such as exterior building surfaces, fences and soil where the Authority does not have reliable information to reasonably estimate lead findings and related costs at this time.
- *Capital Contributions* increased \$58,533 to \$878,901. The current year contributions are primarily comprised of \$370,718 from the Federal Emergency Management Agency (“FEMA”), \$219,613 for the Capital Fund Program, and \$148,553 from The City of New York within its “City Capital” program.

### Revenues and Expenses on a Gross Basis (\$ in thousands)

The following table shows revenues and expenses on a gross basis. Non-operating revenues are included in total program revenues and non-operating expenses are included in total program expenses. The components of this table are explained in the commentary following the Summary of Revenues, Expenses, and Changes in Net Position.

	2020	2019	2018
<b>Program Revenues:</b>			
Subsidies and grants	\$ 2,722,702	\$ 2,517,894	\$ 2,387,205
Operating revenues	1,037,146	1,134,250	1,106,773
Insurance recoveries	-	-	131,972
Investment income	15,401	36,165	25,811
Gain on real estate transactions	56,960	-	14,898
Change in fair value of investments	1,200	13,318	-
<b>Total Program Revenues</b>	<b><u>3,833,409</u></b>	<b><u>3,701,627</u></b>	<b><u>3,666,659</u></b>
<b>Program Expenses:</b>			
Operating expenses	4,302,767	3,971,766	3,898,470
Loss on real estate transactions	-	146,483	-
Interest expense	35,955	34,777	32,794
Change in fair value of investments	-	-	3,304
<b>Total Program Expenses</b>	<b><u>4,338,722</u></b>	<b><u>4,153,026</u></b>	<b><u>3,934,568</u></b>
<b>Loss before Special Item and Capital Contributions</b>	<b>(505,313)</b>	<b>(451,399)</b>	<b>(267,909)</b>
<b>Special Item:</b>			
Pollution remediation costs - lead based paint	(200,881)	2,751,291	-
<b>Loss before Capital Contributions</b>	<b>(304,432)</b>	<b>(3,202,690)</b>	<b>(267,909)</b>
<b>Capital Contributions</b>	<b><u>949,982</u></b>	<b><u>878,901</u></b>	<b><u>820,368</u></b>
<b>Change in Net Position</b>	<b>645,550</b>	<b>(2,323,789)</b>	<b>552,459</b>
Net Position, Beginning of Year	1,106,993	3,430,782	2,878,323
<b>Net Position, End of Year</b>	<b><u>\$ 1,752,543</u></b>	<b><u>\$ 1,106,993</u></b>	<b><u>\$ 3,430,782</u></b>

## CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets, net and the debt related to capital assets as of the three years ended December 31 are as follows:

### Net Investment in Capital Assets (\$ in thousands)

	2020	2019	2018
Land	\$ 687,961	\$ 687,958	\$ 687,507
Construction in progress	2,398,739	2,006,661	1,833,799
Buildings	3,144,746	3,144,810	3,146,465
Building improvements	10,490,175	9,893,189	9,313,734
Facilities and other improvements	516,723	509,803	492,910
Furniture and equipment	992,986	940,728	877,827
Leasehold improvements	115,051	113,105	113,185
<b>Total Capital Assets</b>	<b>18,346,381</b>	<b>17,296,254</b>	<b>16,465,427</b>
Less accumulated depreciation	<u>10,155,250</u>	<u>9,775,570</u>	<u>9,424,645</u>
<b>Capital Assets, net</b>	<b>8,191,131</b>	<b>7,520,684</b>	<b>7,040,782</b>
Less related debt	<u>686,969</u>	<u>623,360</u>	<u>590,378</u>
<b>Net Investment in Capital Assets</b>	<b><u>\$ 7,504,162</u></b>	<b><u>\$ 6,897,324</u></b>	<b><u>\$ 6,450,404</u></b>

For additional information on Capital Assets and Long-Term Debt see Note 8 and Note 15, respectively.



# **BASIC FINANCIAL STATEMENTS**



# NEW YORK CITY HOUSING AUTHORITY

## STATEMENTS OF NET POSITION DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
	(\$ in Thousands)	
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 403,981	\$ 481,832
Accounts receivable, net	920,429	860,075
Investments	68,842	154,749
Prepaid expenses	108,430	106,514
Inventories, net	9,040	11,136
Notes and loans receivable, net	<u>30,851</u>	<u>2,637</u>
Total current assets	<u>1,541,573</u>	<u>1,616,943</u>
<b>NON-CURRENT ASSETS:</b>		
Land and construction in progress	3,086,700	2,694,619
Other capital assets, net of depreciation	5,104,431	4,826,065
Cash for claims payable	32,832	67,753
Investments for claims payable	457,679	370,668
Restricted cash and cash equivalents	752,844	634,134
Restricted investments	29,824	31,384
Subsidies receivable	60,661	85,503
Notes and loans receivable, net	<u>162,013</u>	<u>111,664</u>
Total non-current assets	<u>9,686,984</u>	<u>8,821,790</u>
Total assets	<u>11,228,557</u>	<u>10,438,733</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred amount on refunding	1,039	1,651
Deferred amount on asset retirement obligations	9,756	12,256
Deferred amount on OPEB	777,935	396,053
Deferred amount on pensions	<u>219,459</u>	<u>150,224</u>
Total deferred outflows of resources	<u>1,008,189</u>	<u>560,184</u>
<b>CURRENT LIABILITIES:</b>		
Accounts payable	188,460	165,430
Accrued liabilities	411,924	399,262
Claims payable	90,279	84,587
Current portion of long-term debt	47,193	43,975
Accrued leave time	79,463	74,803
Pollution remediation obligations	297,924	266,843
Unearned revenues and other current liabilities	<u>432,457</u>	<u>358,080</u>
Total current liabilities	<u>1,547,700</u>	<u>1,392,980</u>
<b>NON-CURRENT LIABILITIES:</b>		
Long-term debt	726,771	759,628
Claims payable	490,511	438,421
Unearned revenue	357,110	216,938
Accrued leave time	116,941	107,748
Net pension liability	913,451	822,109
OPEB liability	3,472,534	2,816,376
Asset retirement obligations	82,874	84,188
Pollution remediation obligations	2,318,512	2,622,413
Other liabilities	<u>9,556</u>	<u>9,837</u>
Total non-current liabilities	<u>8,488,260</u>	<u>7,877,658</u>
Total liabilities	<u>10,035,960</u>	<u>9,270,638</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred amount on OPEB	289,211	386,426
Deferred amount on pensions	<u>159,032</u>	<u>234,860</u>
Total deferred inflows of resources	<u>448,243</u>	<u>621,286</u>
<b>NET POSITION:</b>		
Net investment in capital assets	7,504,162	6,897,324
Unrestricted deficit	<u>(5,751,619)</u>	<u>(5,790,331)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 1,752,543</u>	<u>\$ 1,106,993</u>

See notes to the financial statements.

# NEW YORK CITY HOUSING AUTHORITY

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<b>2020</b>	<b>2019</b>
	<b>(\$ in Thousands)</b>	
<b>OPERATING REVENUES:</b>		
Tenant revenue, net	\$ 967,456	\$ 1,058,488
Other income	69,690	75,762
Total operating revenues	<u>1,037,146</u>	<u>1,134,250</u>
<b>OPERATING EXPENSES:</b>		
Rent for leased dwellings	1,139,219	1,061,638
General and administrative	967,123	949,768
Maintenance and operations	924,486	875,510
Utilities	547,483	541,747
Depreciation	401,588	371,713
OPEB	257,391	127,536
Protective services	37,799	24,635
Tenant services	27,678	19,219
Total operating expenses	<u>4,302,767</u>	<u>3,971,766</u>
<b>OPERATING LOSS</b>	<u>(3,265,621)</u>	<u>(2,837,516)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Subsidies and grants	2,722,702	2,517,894
Investment income	15,401	36,165
Gain (Loss) on real estate transactions	56,960	(146,483)
Change in fair value of investments	1,200	13,318
Interest expense	(35,955)	(34,777)
Total non-operating revenues, net	<u>2,760,308</u>	<u>2,386,117</u>
<b>LOSS BEFORE SPECIAL ITEM AND CAPITAL CONTRIBUTIONS</b>	(505,313)	(451,399)
<b>SPECIAL ITEM:</b>		
Pollution remediation costs - lead based paint	(200,881)	2,751,291
<b>LOSS BEFORE CAPITAL CONTRIBUTIONS</b>	(304,432)	(3,202,690)
<b>CAPITAL CONTRIBUTIONS</b>	<u>949,982</u>	<u>878,901</u>
<b>CHANGE IN NET POSITION</b>	645,550	(2,323,789)
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>1,106,993</u>	<u>3,430,782</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 1,752,543</u>	<u>\$ 1,106,993</u>

See notes to the financial statements.



# NEW YORK CITY HOUSING AUTHORITY

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
	(\$ in Thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from tenants	\$ 971,466	\$ 1,059,562
Other operating receipts	88,513	44,584
Cash payments to employees	(1,317,141)	(1,333,298)
Cash payments for other operating expenses	(2,451,148)	(2,162,334)
Net cash used in operating activities	<u>(2,708,310)</u>	<u>(2,391,486)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Subsidies and grants received	2,651,423	2,560,074
Insurance recoveries	-	57,605
Net cash provided by non-capital financing activities	<u>2,651,423</u>	<u>2,617,679</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Contributions for capital	1,004,817	620,004
Proceeds from the sale of long term debt	27,380	7,087
Proceeds from real estate transactions	179,182	6,150
Development and modernization costs	(1,058,439)	(884,110)
Payments on long-term debt	(54,281)	(40,552)
Interest payments on bonds and mortgages	(38,963)	(38,165)
Notes and Loans Receivable, net	(15,990)	(8,445)
Net cash provided by (used in) capital activities	<u>43,706</u>	<u>(338,031)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investment securities	(799,966)	(327,190)
Proceeds from sale and maturities of investment securities	801,622	348,139
Interest on investments	17,463	36,618
Net cash provided by investing activities	<u>19,119</u>	<u>57,567</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5,938</b>	<b>(54,271)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR:</b>		
Cash and cash equivalents, including cash for claims payable	549,585	530,199
Restricted cash and cash equivalents	<u>634,134</u>	<u>707,791</u>
Total cash and cash equivalents, beginning of year	<u>1,183,719</u>	<u>1,237,990</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR:</b>		
Cash and cash equivalents, including cash for claim payable	436,813	549,585
Restricted cash and cash equivalents	<u>752,844</u>	<u>634,134</u>
Total cash and cash equivalents, end of year	<u>\$ 1,189,657</u>	<u>\$ 1,183,719</u>

See notes to the financial statements.

(continued on the following page)

# NEW YORK CITY HOUSING AUTHORITY

## STATEMENTS OF CASH FLOWS (continued) FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
	(in Thousands)	
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
OPERATING LOSS	\$ (3,265,621)	\$ (2,837,516)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	401,588	371,713
(Increase) decrease in assets and deferred outflows:		
Tenants accounts receivable	(74,724)	(10,903)
Accounts receivable - other, net of interest	14,064	(29,284)
Prepaid expenses	(1,916)	(1,903)
Inventories, net	2,096	362
Deferred outflows on pensions	(69,235)	(55,422)
Deferred outflows on OPEB	(381,882)	(328,813)
Deferred outflows on asset retirement obligations	2,500	(636)
Increase (decrease) in allowance for doubtful accounts - tenants	83,772	7,115
Increase (decrease) in allowance for doubtful accounts - other, net of non-capital financing activities	(523)	2,271
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable	23,030	28,181
Accrued liabilities, net of interest and capital items	(8,018)	30,777
Claims payable	57,782	43,436
Accrued leave time	13,853	2,032
Unearned revenues and other current liabilities, net of prepaid subsidy and current portion of Section 8 Recap unearned revenue	(5,999)	2,714
Net pension liability	91,342	(72,709)
OPEB liability	656,158	254,146
Asset retirement obligation	(1,314)	14,223
Pollution remediation obligations - Lead based paint	(83,922)	(975)
Pollution remediation obligations - Other	11,983	
Other non-current liabilities	(281)	(473)
Deferred inflows on OPEB	(97,215)	107,389
Deferred inflows on pensions	(75,828)	82,789
Total adjustments	<u>557,311</u>	<u>446,030</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (2,708,310)</u>	<u>\$ (2,391,486)</u>
SUPPLEMENTAL DISCLOSURES OF NON CASH ACTIVITIES:		
Investing activities:		
Unrealized gain (loss) on investments	\$ 1,200	\$ 13,318
Capital and related financing activities:		
Amortization of deferred amount on refunding	(612)	(811)
Amortization of bond premium	2,738	3,362
Capital Contributions	17,922	22,780
Special Item: pollution remediation costs - lead based paint	(200,881)	2,751,291

See notes to the financial statements.

# NEW YORK CITY HOUSING AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020 AND 2019

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Organization

The New York City Housing Authority (the “Authority”), created in 1934, is a public benefit corporation chartered under New York State Public Housing Law. The Authority develops, constructs, manages and maintains affordable housing for eligible low-income families in the five boroughs of New York City. At December 31, 2020, the Authority maintained 285 housing developments encompassing approximately 168,000 total units, including 162,380 federally funded units, housing approximately 350,000 residents. The Authority also operates a leased housing program, which provides housing assistance payments to approximately 88,500 families, housing approximately 198,000 residents.

Substantial operating losses result from the costs of essential services that the Authority provides exceeding revenues. To meet the funding requirements of these operating losses, the Authority receives subsidies from: (a) the federal government, primarily the U.S. Department of Housing and Urban Development (“HUD”), in the form of annual grants for operating assistance, debt service payments, contributions for capital and reimbursement of expenditures incurred for certain federal housing programs; (b) New York State in the form of debt service and capital payments; and (c) The City of New York in the form of subsidies and capital payments. Subsidies are established through budgetary procedures, which establish amounts to be funded by the grantor agencies.

The Authority maintains its accounting records by program. The following programs are operated by the Authority:

***Federal Programs*** - The Authority receives federal financial assistance from HUD in the form of annual contributions for debt service and operating subsidies for public housing developments, as well as rent subsidies for the Section 8 Housing Choice Voucher Program (“HCVP”). In addition, assistance is received under HUD’s Public and Indian Housing Development Programs, Capital Fund Program, and other programs.

Funds received are used to provide maintenance, operating, and administrative services to federally aided low rent public housing developments. HCVP funds are used to reimburse private landlords for their participation in providing housing for low-income families at reduced rents. The funds cover the differential between the reduced rents charged to tenants and prevailing fair market rates based on rent reasonableness. Debt service fund contributions provide for the payment of principal and interest on outstanding debt as it matures. Contributions for capital provide for modernization and development costs.

***New York State and The City of New York Programs*** - The Authority receives financial assistance from New York State (the “State”) in the form of annual contributions for debt service and capital. The Authority also receives financial assistance from the City in the form of subsidies and contributions for capital.

***Other Programs*** - The Authority receives funding for other programs from HUD, the State, and The City for several other grant programs.

## **B. Reporting Entity**

The Authority is a component unit of The City of New York, based upon criteria for defining the *reporting entity* as identified and described in the Governmental Accounting Standards Board’s (“GASB”) *Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600*.

The Authority’s operations include two blended component units which are included in the Authority’s basic financial statements, in compliance with GASB 61 *The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34*. These are legally separate entities with the same governing body as the Authority for which the Authority has operational responsibility and are controlled by the Authority. There is a financial benefit/burden relationship between the Authority and the component units since the Authority is responsible for providing operating and capital subsidies to the component units. The blended component units include:

- NYCHA Public Housing Preservation I, LLC
- NYCHA Public Housing Preservation II, LLC

Additional information relating to these blended component units can be found in Note 18 to the financial statements. NYCHA Public Housing Preservation I, LLC (“LLC I”) and NYCHA Public Housing Preservation II, LLC (“LLC II”) both issue stand-alone financial reports. These reports can be obtained from The New York City Housing Authority, 90 Church Street, New York, New York, 10007.

## **C. Basis of Accounting**

The Authority’s financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the GASB, using the economic resources measurement focus and the accrual basis of accounting wherein revenues are recognized when earned, and expenses are recognized when the liability is incurred.

The Authority’s primary source of nonexchange revenue relates to subsidies and grants. Subsidies and grants revenue is recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements, in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The Authority applies Governmental Accounting Standards Board (“GASB”) Codification of Governmental Accounting and Financial Reporting Standards (“GASB Codification”) Section P80, *Proprietary Accounting and Financial Reporting*.

### Recently Adopted Accounting Standards

GASB Statement No. 95 (“GASB 95”), *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Depending on the pronouncement, postponement dates are either twelve or eighteen months from original effective date.

### Accounting Standards Issued But Not Yet Adopted

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the Authority upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accounting Standard	Effective Calendar Year
87	<i>Leases</i>	2022
91	<i>Conduit Debt Obligations</i>	2022
92	<i>Omnibus 2020</i>	2022
93	<i>Replacement of Interbank Offered Rates</i>	2022
94	<i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i>	2023
96	<i>Subscription-Based Information Technology Arrangements</i>	2023
97	<i>Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans</i>	2022

### **D. Cash and Cash Equivalents**

Cash includes amounts on deposit with financial institutions, including bank accounts and certificates of deposit. The Authority considers investments in repurchase agreements and investments with a maturity of less than 90 days of purchase date as cash equivalents. The Authority considers cash and cash equivalents held for the repayment of the non-current portion of Claims payable to be non-current assets.

### **E. Accounts Receivable and Subsidies Receivable**

Accounts Receivable include amounts expected to be received within one year from tenants and various governmental agencies. Subsidies Receivables include amounts from governmental agencies not expected to be received within one year. Tenants Receivable balances primarily consist of rents past due and due from vacated tenants. An allowance for uncollectable accounts is established to provide for tenant accounts which may not be collected in the future for any reason. The Authority recognizes both Account Receivable and Subsidies Receivables from HUD and other governmental agencies for amounts earned and billed but not received and for amounts earned but unbilled as of year-end.

## **F. Notes Receivable**

Notes receivable are recorded based on the principal amount indicated in the underlying note agreement and include accrued interest where applicable. An allowance is established where there is uncertainty regarding the collection of the note.

## **G. Investments**

Investments are carried at fair value. Income from investments is recognized on the accrual basis. Realized gains or losses on sales of investment securities are accounted for using the specific identification method. The Authority combines realized and unrealized gains and losses on investments. Certain investments are classified as restricted based on underlying agreements.

## **H. Prepaid Expenses**

Prepaid expenses represent amounts paid as of year-end which will benefit future operations.

## **I. Inventories**

Inventories consist of materials and supplies at the central warehouses, and fuel oil. Materials and supplies are valued using the *average moving cost* method on a first in – first out basis. Fuel oil is valued using *weighted average cost*. Materials and supplies are expensed when shipped from central warehouses to the developments. The Authority maintains an allowance for obsolete inventory.

## J. Capital Assets

Capital assets include land, structures and equipment recorded at cost and is comprised of initial development costs, property betterments and additions, and modernization program costs. With the exception of land, the Authority depreciates these assets over their estimated useful lives once placed in service, The straight-line method of depreciation is used, under normal operating conditions. The Capitalization Policy is as follows:

<b>Capital Asset Category</b>	<b>Capitalization Threshold</b>	<b>Useful Life-Years</b>
Buildings	\$50,000	<b>40</b>
Building Improvements	\$50,000	<b>25</b>
Leasehold Improvements	\$50,000	<b>Up to 15</b>
Facilities & Other Improvements	\$50,000	<b>10</b>
Computer Software	\$50,000	<b>5</b>
Telecommunication Equipment	\$50,000	<b>5</b>
Computer Hardware	\$5,000	<b>5</b>
Furniture and Equipment	\$5,000	<b>5 to 10</b>
Ranges and Refrigerators	All	<b>10</b>

## K. Accrued Liabilities

The Authority recognizes a liability for goods and services received but not paid for as of year-end. The Authority recognizes a liability for wages and fringe benefits relating to expired collective bargaining agreements based on its best estimate of such future payments. These estimates are based on prior patterns and the current status of negotiations among other factors.

## L. Claims Payable

The Authority recognizes a liability for general liability and workers' compensation claims based upon an estimate of all probable losses incurred, both reported and not reported. The liability for these claims is reported in the Statement of Net Position at a discounted amount.

## M. Accrued Leave Time

Accumulated unpaid leave time is accrued at the estimated amounts of future benefits attributable to services already rendered.

## **N. Unearned Revenue**

The Authority's unearned revenue includes the prepayment of rent by residents and the receipt of governmental program funding where certain eligibility requirements have not been met. In addition, purchase price and lease payments received on Real Estate transactions are being reflected in Unearned Revenue and are recognized over the shorter of the lease term, when the Purchase Option or Right of First Refusal can be exercised or the fifteen-year low income housing tax credit compliance period.

## **O. Premium Amortization**

The Authority amortizes debt premium amounts over the life of the bonds using the *effective interest rate through maturity* methodology.

## **P. Deferred Outflows and Inflows of Resources**

The Authority reports deferred outflows of resources in the *Statement of Financial Position* in a separate section following Assets and deferred inflows of resources in a separate section following liabilities. Gains and losses in connection with advanced refunding of debt are recorded as either a deferred outflow (loss) or as a deferred inflow (gain) of resources and amortized as a component of interest expense over the shorter of the remaining life of the old or the new debt. Pension contributions made to NYCERS subsequent to the actuarial measurement date and prior to the Authority's fiscal year-end are reported as deferred outflows of resources. The net differences between projected and actual earnings on pension plan investments, changes in assumptions for pensions and OPEB, and differences in expected and actual experience for pensions and OPEB are recorded as either a deferred outflow or as a deferred inflow. Section 8 Housing Choice Voucher Subsidies received prior to the funding period are reported as deferred inflow of resources. Deferred outflows are recognized on asset retirement obligations.

## **Q. Use of Restricted Net Position**

When both restricted and unrestricted resources are available for a particular restricted use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as needed.

## **R. Operating Revenues and Expenses**

The Authority defines its operating revenues as income derived from charges to residents and others for rent and services provided including developer fees. Its operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies other revenues and expenses as non-operating.

## **S. Capital Contributions**

Capital Contributions are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant requirements.



## T. Taxes

The Authority is a public benefit corporation chartered under the New York State Public Housing Law and as such is exempt from income taxes and certain other Federal, state and local taxes.

## U. Other Postemployment Benefits

The Authority's Total OPEB Liability, deferred outflow of resources and deferred inflows of resources, and expenses associated with the Authority's requirement to contribute to the New York City Health Benefits Program is calculated based on an amount that is actuarially determined (see Note 12).

## V. Net Pension Liability

The Authority's proportionate share of the net pension liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the Authority's requirement to contribute to the New York City Employees' Retirement System ("NYCERS") have been determined on the same basis as they are reported by NYCERS.

## 2. DEPOSITS AND INVESTMENTS

### Deposits

At December 31, 2020, the Authority's deposits had a carrying amount of \$1,168,093,000 and a bank balance of \$1,176,252,000. These deposits were insured up to \$250,000 per bank by the Federal Deposit Insurance Corporation ("FDIC"). Deposits in excess of FDIC coverage were fully collateralized, with the collateral being held in segregated custodial accounts in the Authority's name. Collateral coverage is monitored and maintained daily. Collateral is comprised of U.S Treasury notes and bonds in addition to other U.S. governmental agency securities approved under the HUD guidelines.

Deposits were comprised of the following at December 31, 2020 and 2019 (\$ in thousands):

<u>Unrestricted</u>	<u>2020</u>	<u>2019</u>
FDIC insured	\$ 1,247	\$ 1,256
Collateralized	<u>431,621</u>	<u>114,379</u>
Subtotal	<u>432,868</u>	<u>115,635</u>
 <u>Restricted</u>		
FDIC insured	44,576	43,409
Collateralized	<u>698,808</u>	<u>582,410</u>
Subtotal	<u>743,384</u>	<u>625,819</u>
Total Deposits	<u>\$ 1,176,252</u>	<u>\$ 741,454</u>

## 2. DEPOSITS AND INVESTMENTS

### Deposits (continued)

Unrestricted deposits totaling \$432,868,000 included operating balances for both LLC I and LLC II and replacement reserves for LLC I, totaling \$93,866,000. The remaining balances totaling \$339,002,000 are eligible for working capital and future liabilities of the Authority and its component units, including self-insurance programs. The Authority's unrestricted deposits are held at various banks in interest-bearing accounts and demand deposit accounts (DDA) without interest. The maximum exposure of deposits, represented by the highest daily cash balance held in all deposit accounts maintained by the Authority during the year, was \$941,633,000.

At December 31, 2020, restricted deposits totaling \$743,384,000 included funds held in depository accounts on behalf of Sandy Recovery, escrow funds for real estate transactions, escrow funds for several Energy Performance Contracts, escrow funds for vendor retention, reserves supporting the 2010 mixed-finance transaction, Certificates of Deposit for tenant security, and tenant participation activity HUD subsidies for use by resident councils for residents. The Certificates of Deposits for tenant security will be maturing on March 31, 2021, and will be reinvested for one year through March 31, 2022. The liability related to these deposits is included in unearned revenues and other current liabilities.

### Investments

In accordance with GASB Statement No. 72 ("GASB 72), Fair Value Measurement and Application, NYCHA discloses its investments at fair value. The Authority invests only in securities that fall under GASB's Level 2 fair value grouping (there are 3 levels in total), as there are comparable and observable traded securities that can be used to accurately value the Authority's portfolio of securities. As of December 31, 2020, and 2019, all of the Authority's long-term investment holdings were in U.S. Governmental agency securities and GASB 72 requires their fair value be based on similar bonds that are being traded.

### Unrestricted Investments

The Authority's investment policies comply with HUD's guidelines. These policies restrict the Authority's investments to obligations of the U.S. Treasury, U.S. Government agencies, and their instrumentalities. All investments are held in a secured custody account in the name of the Authority. All investments are publicly traded, and the fair value was based on published quoted values. Accrued interest receivable on unrestricted investments was \$390,000 and \$1,970,000 at December 31, 2020 and 2019.

Unrestricted investments stated at fair value, consist of the following at December 31, 2020 and 2019 (\$ in thousands):

<u>Unrestricted</u>	<u>2020</u>	<u>2019</u>
U.S. Government Agency Securities	\$ 526,521	\$ 525,417
Repurchase Agreements	-	430,825
Total Unrestricted investments, including cash equivalents	526,521	956,242
Less: amount reported as unrestricted cash equivalents	-	430,825
Total Unrestricted investments	<u>\$ 526,521</u>	<u>\$ 525,417</u>

## 2. DEPOSITS AND INVESTMENTS

### Unrestricted Investments (continued)

Cash equivalents include investments in repurchase agreements. The maximum exposure of investments held in repurchase agreements during the year was \$815,800,000. At December 31, 2020, the Authority held no repurchase agreements. At December 31, 2019, the Authority held \$430,825,000 in repurchase agreements yielding 1.78 percent.

The maturities of the Authority's unrestricted investments at December 31, 2020 and 2019 are as follows (\$ in thousands):

Security Type	As of December 31, 2020				As of December 31, 2019			
	Total	<1 year	1 - 5 years	>5 years	Total	<1 year	1 - 5 years	>5 years
U.S. Govt Agency Securities	<u>\$ 526,521</u>	<u>\$ 40,611</u>	<u>\$ 369,909</u>	<u>\$ 116,001</u>	<u>\$ 525,417</u>	<u>\$ 62,029</u>	<u>\$ 373,165</u>	<u>\$ 90,223</u>

At December 31, 2020 and 2019, the Authority's weighted average term to maturity for unrestricted investments is 4.41 years and 3.54 years, respectively. The Authority determines maturity levels based upon current available interest rates, expectations for future rates and the appropriate amount of liquidity needed for operations. While HUD's policy limits the maturities of investments held by housing authorities to three years, the Authority has received a HUD waiver to invest long-term reserves up to seven years.

The U.S. Government Agency security balance is comprised of obligations issued by the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank, Federal Farm Credit Bank and the Federal National Mortgage Association. At December 31, 2020 and 2019, the fair value of the Authority's long-term investments was \$526,521,000 and \$525,417,000, respectively, and these amounts are designated to fund the Authority's self-insurance programs.

### Restricted Investments

At December 31, 2020 and 2019, NYCHA's total restricted investments had a fair value of \$51,388,000 and \$40,745,000, respectively. These funds were held in trust supporting loans from NYCHDC for the 2013 Capital Fund Financing Program Bonds. The restricted total was comprised of \$29,824,000 in restricted investments and \$21,564,000 in restricted cash equivalents at December 31, 2020 and \$31,384,000 in restricted investments and \$9,361,000 in restricted cash equivalents at December 31, 2019.

The \$29,824,000 in restricted investments held at December 31, 2020, represent debt service reserves for the 2013 Capital Fund Financing Program Bonds. Accrued interest receivable on restricted investments, including the tenant certificate of deposits was \$859,000 and \$1,339,000 at December 31, 2020 and 2019.

## 2. DEPOSITS AND INVESTMENTS

### Restricted Investments (continued)

Restricted investments stated at fair value, consisted of the following at December 31, 2020 and 2019 (\$ in thousands):

<b>Restricted</b>	<b>2020</b>	<b>2019</b>
Forward Delivery Agreement (debt service reserves)	\$ 29,824	\$ 29,824
Repurchase Agreements	21,564	9,361
Municipal Bonds	-	1,560
Total Restricted investments, including cash equivalents	51,388	40,745
Less amount reported as restricted cash equivalents	21,564	9,361
Total Restricted investments (not including cash equivalents)	<u>\$ 29,824</u>	<u>\$ 31,384</u>

The maturities of the Authority restricted investments at December 31, 2020 and 2019 were as follows (\$ in thousands):

Security Type	As of December 31, 2020				As of December 31, 2019			
	Total	<1 year	1 - 5 years	>5 years	Total	<1 year	1 - 5 years	>5 years
Forward Delivery Agreement	\$ 29,824	\$ -	\$ -	\$ 29,824	\$ 29,824	\$ -	\$ -	\$ 29,824
Municipal Bonds	\$ -	\$ -	\$ -	\$ -	\$ 1,560	\$ -	\$ 1,560	\$ -
Total	<u>\$ 29,824</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,824</u>	<u>\$ 31,384</u>	<u>\$ -</u>	<u>\$ 1,560</u>	<u>\$ 29,824</u>

At December 31, 2020 and 2019, the Authority's weighted average term to maturity for restricted investments was 12.51 years and 12.94 years, respectively. The Fiscal Agents determine maturity levels based upon current available interest rates, expectations for future rates and the appropriate amount of liquidity needed for NYCHA's operations.

*Policies governing investments:* The Authority has adopted the HUD investment policy outlined in HUD Notice PIH-2002-13 (HA), as its formal investment policy. In accordance with its Annual Contributions Contract (the "ACC") with HUD, the Authority is required to comply with this HUD Notice. These guidelines require the Authority to deposit funds in accordance with the terms of a General Depository Agreement, which must be in a form approved by HUD and executed between the Authority and its depository institutions, and restricts the Authority's investments to HUD-authorized securities, such as those issued by the U.S. Treasury, U.S. Government agencies and their instrumentalities, and requires that all investments be held in a segregated custodial account in the name of the Authority. Similarly, the bond proceeds that remain in Trust supporting loans from NYC HDC are invested in accordance with the investment policy of NYC HDC, which are very similar.

The Authority's investment strategy involves consideration of the basic risks of fixed-income investing, including interest rate risk, market risk, credit risk, and concentration risk. In managing these risks, the primary factors considered are safety of principal, yield, liquidity, maturity, and administrative costs.

## 2. DEPOSITS AND INVESTMENTS

### *Restricted Investments (continued)*

*Interest rate risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Authority's investment portfolio. In accordance with the Authority's investment policy, interest rate risk is mitigated by holding the securities in the Authority's portfolio until maturity, except when a reinvestment strategy may be appropriate. As an additional manner of minimizing interest rate risk, the securities of the Authority's fixed income portfolio have historically only had fixed coupon rates, and therefore the cash flows will not fluctuate with changes in interest rates.

*Credit Risk:* It is the Authority's policy to limit its investments to HUD-authorized investments issued by the U.S. Government, by a U.S. Government agency, or by a Government-sponsored agency. The Authority's policy is to invest primarily in Governmental agency and U.S. Treasury securities which are AA+ and Aaa rated by Standard and Poor's ("S&P") or Moody's, or to place balances in fully collateralized money market deposit accounts and interest-bearing bank accounts at banks rated A or better by Moody's or S&P. As of December 31, 2020, each of the agency securities that were in the NYCHA investment portfolio had bond ratings as follows: Moody's Aaa and S&P AA+. Depository bank accounts maintaining federal funds are fully collateralized, in excess of FDIC insurance, with Treasury and/or Governmental agency securities.

*Concentration Risk:* The Authority strives to invest in only AA+ and Aaa rated Governmental Agency and/or U.S. Treasury securities. Therefore, the Authority's policy does not place a limit on investments with any one issuer. The Authority's cash deposits are maintained in fully collateralized money market deposit accounts and fully collateralized interest-bearing and non-interest bearing (if required) bank accounts. Consequently, the Authority does not limit deposits to any one bank. Nonetheless, the Authority strives to diversify holdings in investments, cash and cash equivalents, whenever possible, to further minimize any potential concentration risk.

*Custodial credit risk:* The Authority maintains a perfected security interest in the collateral held on its behalf by its custodial agents. Custodial credit risk is the risk that the Authority will not be able to recover its collateral held by a third-party custodian, in the event that the custodian defaults. The Authority has no custodial credit risk due to the Authority's perfected security interest in its collateral in a segregated custodian account, which is registered in the Authority's name. The Authority's policy requires that all securities shall be maintained in a third-party custodian account and the manner of collateralization shall provide the Authority with a continuing perfected security interest in the collateral for the full term of the deposit, in accordance with applicable laws and Federal regulations. Such collateral shall, at all times, have a market value at least equal to the amount of deposits so secured. The collateral includes US Treasury notes and bonds and other US governmental agency securities approved under HUD guidelines.

### 3. ACCOUNTS AND SUBSIDIES RECEIVABLE

#### Accounts Receivable

Accounts receivable at December 31, 2020 and 2019 are comprised of the following (\$ in thousands):

	<u>2020</u>	<u>2019</u>
U.S. Department of Housing and Urban Development	\$ 192,032	\$ 165,553
Federal Emergency Management Agency	360,835	412,062
Due from The City of New York	194,970	136,918
Community Development Block Grant	76,272	33,305
Due from other government agencies	46,994	31,980
Tenants accounts receivable	185,792	111,068
Other	<u>34,088</u>	<u>56,493</u>
Total accounts receivable	1,090,983	947,379
Less allowance for uncollectable accounts	<u>170,554</u>	<u>87,304</u>
Accounts receivable, net	<u>\$ 920,429</u>	<u>\$ 860,075</u>

Accrued interest receivable on investments of \$1,248,000 and \$3,310,000 at December 31, 2020 and 2019, respectively, is included in Other.

The allowance for uncollectable accounts at December 31, 2020 and 2019 consists of the following (\$ in thousands):

	<u>2020</u>	<u>2019</u>
Tenants accounts receivable	\$ 155,825	\$ 72,052
Other	<u>14,729</u>	<u>15,252</u>
Total allowance for uncollectable accounts	<u>\$ 170,554</u>	<u>\$ 87,304</u>

The provision for bad debts related to tenant revenue is \$97,139,000 and \$28,545,000 for 2020 and 2019, respectively, reflected in tenant revenue, net on the Statements of Revenues, Expenses, and Changes in Net Position.

#### Subsidies Receivable

Subsidies receivable at December 31, 2020 and 2019 is comprised of the following (\$ in thousands):

	<u>2020</u>	<u>2019</u>
Community Development Block Grant	\$ 18,661	\$ 43,503
City of New York	<u>42,000</u>	<u>42,000</u>
Total subsidies receivable	<u>\$ 60,661</u>	<u>\$ 85,503</u>

#### 4. NOTES AND LOANS RECEIVABLE

Notes and Loans Receivable at December 31, 2020 and 2019 are comprised of the following (\$ in thousands):

	<u>2020</u>	<u>2019</u>
Ocean Bay (see Note 15)	\$ 216,615	\$ 200,345
Betances	88,492	84,150
Triborough (see Note 15)	60,082	59,491
Manhattan Bundle (see Note 15)	50,501	-
Twin Parks West	43,940	43,506
Randolph	41,171	41,021
Bushwick	40,969	39,610
Hope Gardens	33,459	32,423
Baychester	25,846	24,625
Other (under \$20,000)	<u>73,446</u>	<u>72,219</u>
Total Notes and Loans Receivable	674,521	597,390
Less allowance for uncollectable accounts	<u>481,657</u>	<u>483,089</u>
Notes and Loans Receivable, net	192,864	114,301
Less Current portion	<u>30,851</u>	<u>2,637</u>
Notes and Loans Receivable - non-current portion	<u><u>\$ 162,013</u></u>	<u><u>\$ 111,664</u></u>

#### 5. INVENTORIES

Inventories at December 31, 2020 and 2019 are summarized as follows (\$ in thousands):

	<u>2020</u>	<u>2019</u>
Supplies inventory	\$ 5,827	\$ 6,469
Allowance for obsolete inventory	<u>(502)</u>	<u>(512)</u>
Supplies inventory (net)	5,325	5,957
Fuel oil inventory	<u>3,715</u>	<u>5,179</u>
Total inventories, net	<u><u>\$ 9,040</u></u>	<u><u>\$ 11,136</u></u>

## 6. CAPITAL ASSETS, NET

A summary of the changes in capital assets, net, which is comprised of land, structures and equipment, is as follows:

### Summary of Changes in Capital Assets, Net (\$ in thousands)

Description	January 1, 2020	Additions/ Transfers In	Deletions/ Transfers Out	December 31, 2020
<b>Capital Assets not being depreciated:</b>				
Land	\$ 687,958	\$ 3	\$ -	\$ 687,961
Construction in progress	2,006,661	1,097,920	(705,842)	2,398,739
<b>Total Capital Assets not being depreciated</b>	<b><u>2,694,619</u></b>	<b><u>1,097,923</u></b>	<b><u>(705,842)</u></b>	<b><u>3,086,700</u></b>
<b>Capital Assets being depreciated:</b>				
Buildings	3,144,810	1,136	(1,200)	3,144,746
Building improvements	9,893,189	636,635	(39,649)	10,490,175
Facilities and other improvements	509,803	10,842	(3,922)	516,723
Furniture and equipment	940,728	55,283	(3,025)	992,986
Leasehold improvements	113,105	1,946	-	115,051
<b>Total Capital Assets being depreciated</b>	<b><u>14,601,635</u></b>	<b><u>705,842</u></b>	<b><u>(47,796)</u></b>	<b><u>15,259,681</u></b>
<b>Less Accumulated Depreciation:</b>				
Buildings	2,946,966	21,274	(101)	2,968,139
Building improvements	5,478,199	327,478	(18,502)	5,787,175
Facilities and other improvements	462,861	8,870	(542)	471,189
Furniture and equipment	782,754	42,558	(2,763)	822,549
Leasehold improvements	104,790	1,408	-	106,198
<b>Total Accumulated Depreciation</b>	<b><u>9,775,570</u></b>	<b><u>401,588</u></b>	<b><u>(21,908)</u></b>	<b><u>10,155,250</u></b>
<b>Total Capital Assets being depreciated, net</b>	<b><u>4,826,065</u></b>	<b><u>304,254</u></b>	<b><u>(25,888)</u></b>	<b><u>5,104,431</u></b>
<b>Capital Assets, Net</b>	<b><u>\$ 7,520,684</u></b>	<b><u>\$ 1,402,177</u></b>	<b><u>\$ (731,730)</u></b>	<b><u>\$ 8,191,131</u></b>



6. CAPITAL ASSETS, NET (continued)

Summary of Changes in Capital Assets, Net (\$ in thousands)

Description	January 1, 2019	Additions/ Transfers In	Deletions/ Transfers Out	December 31, 2019
<b>Capital Assets not being depreciated:</b>				
Land	\$ 687,507	\$ 451	\$ -	\$ 687,958
Construction in progress	1,833,799	851,715	(678,853)	2,006,661
<b>Total Capital Assets not being depreciated</b>	<b><u>2,521,306</u></b>	<b><u>852,166</u></b>	<b><u>(678,853)</u></b>	<b><u>2,694,619</u></b>
<b>Capital Assets being depreciated:</b>				
Buildings	3,146,465	-	(1,655)	3,144,810
Building improvements	9,313,734	587,655	(8,200)	9,893,189
Facilities and other improvements	492,910	16,893	-	509,803
Furniture and equipment	877,827	74,305	(11,404)	940,728
Leasehold improvements	113,185	-	(80)	113,105
<b>Total Capital Assets being depreciated</b>	<b><u>13,944,121</u></b>	<b><u>678,853</u></b>	<b><u>(21,339)</u></b>	<b><u>14,601,635</u></b>
<b>Less Accumulated Depreciation:</b>				
Buildings	2,926,183	22,435	(1,652)	2,946,966
Building improvements	5,184,028	302,263	(8,092)	5,478,199
Facilities and other improvements	455,042	7,819	-	462,861
Furniture and equipment	756,905	36,893	(11,044)	782,754
Leasehold improvements	102,487	2,303	-	104,790
<b>Total Accumulated Depreciation</b>	<b><u>9,424,645</u></b>	<b><u>371,713</u></b>	<b><u>(20,788)</u></b>	<b><u>9,775,570</u></b>
<b>Total Capital Assets being depreciated, net</b>	<b><u>4,519,476</u></b>	<b><u>307,140</u></b>	<b><u>(551)</u></b>	<b><u>4,826,065</u></b>
<b>Capital Assets, Net</b>	<b><u>\$ 7,040,782</u></b>	<b><u>\$ 1,159,306</u></b>	<b><u>\$ (679,404)</u></b>	<b><u>\$ 7,520,684</u></b>

## 7. POLLUTION REMEDIATION OBLIGATIONS

The Authority accounts for its pollution remediation obligations (“PRO”) in accordance with GASB Statement No. 49 (“GASB 49”) Accounting and Financial Reporting for Pollution Remediation Obligations. As a result, the Authority has recorded in the statements of net position a PRO liability in the amount \$2,616,436,000 and \$2,889,256,000 as of December 31, 2020 and 2019, respectively, the high majority of which relates to lead paint abatement and remediation costs. In 2019, the incremental lead-based paint related costs of \$2,751,291,000 were treated as a Special item on the Statements of Revenues, Expenses, and Changes in Net Position. In 2020, the reduction of lead-based paint related costs of \$ 200,881,270 due to change in estimates, has also been classified as a Special item. Such changes in estimates includes improvement in positive lead test results from prior estimates, reductions in apartment units as a result of PACT transactions (see Note 15), offset by certain estimated price increases in remediation and abatement workstreams. NYCHA has classified the lead-based paint costs as a Special item as it meets the criteria of being infrequent, although not unusual for a housing authority, and is within management’s control to abate. The infrequent criteria has been triggered as this is the first time in close to ninety years since NYCHA’s inception, where a comprehensive plan to lead abatement has been implemented. The Authority’s PRO is measured based on the expected costs of future activities.

The Authority has separated its pollution remediation obligations into four groups: lead based paint, oil spills, asbestos, and mold.

### Lead Based Paint

Lead-based paint presents a threat to the health of residents and workers. Per HUD regulations (24CFR Part 35) an annual lead visual assessment is required of all target housing built prior to 1978, unless such housing is exempt pursuant to those regulations. New York City Local Law 1 (NYC Admin. Code section 27-2056) requires landlords of buildings built before 1960 (or built between 1960 and 1978 if known to have lead based paint) to take certain actions to prevent lead poisoning in children under 6 years old, including conducting annual inspections, remediating or abating any chipped or peeling paint, and completely removing lead-based paint from certain building components upon vacancy of an apartment.

As per Paragraph 11 of GASB Statement No. 49, an obligating event is one that triggers the potential recognition of a pollution remediation liability. Such obligating event may occur when the government is compelled to take action because of imminent danger to public health, when the government commences remediation efforts or when the government is named by a regulator as a potentially responsible party. All three of these obligating events have been triggered. On January 31, 2019, NYCHA entered into an agreement with HUD, the United States Attorney’s Office for the Southern District of New York (“SDNY”), and The City of New York (the “Agreement”). Among many requirements within, NYCHA agreed to perform lead-based paint interim controls (“remediation”), follow lead-safe work practices mandated by HUD and the United States Environmental Protection Agency (EPA), and perform specified lead-based paint abatement activities. Per the Agreement, among other things, NYCHA is required to perform annual visual assessments, control lead-based paint hazards identified by the visual assessments (until abatement is performed), abate lead in all apartments and interior common areas that contain lead-based paint in the same building as those units within 20 years, and abate lead in exterior common areas at a timeline to be

## 7. POLLUTION REMEDIATION OBLIGATIONS

### Lead Based Paint (continued)

determined. NYCHA must also provide a certification every six months describing its compliance with certain EPA and HUD regulations.

NYCHA presumes the presence of lead-based paint in target housing built prior to 1978 unless the unit is exempt due to negative lead findings of an inspection, exemption or record of prior abatement. Of the total 173,000 units in the NYCHA portfolio as of December 31, 2019, the target housing consists of approximately 134,000 units and associated common areas, however, the specific requirements for individual units and common areas differ dependent upon prior lead-based paint inspection results and abatement activities. The Authority has attempted to perform visual assessments for substantially all target apartments subject to HUD requirements in 2019 and in 2020 inspected as much as possible given the COVID-19 pandemic limitations. In addition, the Authority has entered into contracts with third parties to perform x-ray fluorescence (XRF) tests and lab analysis of paint chips to better survey the portfolio for positive lead-based paint components.

For the year ended December 31, 2020, the Authority has considered XRF test results of apartment units through April 6, 2021 for which approximately 66,000 units (49%) have been tested. For the year ended December 31, 2019, the Authority considered XRF test results of apartment units through May 31, 2020, for which 41,000 units (30%) had been tested. XRF testing is not expected to be completed until early 2022. Due to the large portfolio, and 51% of the apartment units still to be tested, actual test results and related costs may vary from estimates presented herein.

Based on the limited XFR testing results available for the 2019 financial statements, management estimated that 32% of target units would have positive lead findings and would be subject to further remediation and abatement workstreams. In considering the impact on the 2020 financial statements of the expanded XRF test results available, management is estimating that 27% of the target units will have positive lead findings and will be subject to further remediation and abatement workstreams. The estimation of costs is consistent with the timelines set in the Agreement in which apartment units and interior common areas in select developments are abated within 5 years of the effective date, 50% of all units and interior common areas in the same building as those units are abated within 10 years of the effective date, 75% are abated within 15 years of the effective date, and 100% are abated within 20 years of the effective date. All above milestones are subject to Force Majeure circumstances that may arise. Total costs are subject to variations in actual results of XRF tests versus estimates, timing of when remediation and abatement can be executed, variation and inflation in contractor costs, and other microeconomic and macroeconomic factors.

The \$2,616,436,000 and \$2,889,256,000 liabilities, as of December 31, 2020 and 2019 respectively, includes management's estimates to remediate and abate lead in target apartment units, interior common space of buildings, community centers and playgrounds. The estimate of the liability does not include cost components that are not reasonably estimable as per GASB Statement No. 49 (paragraph 26). Such components not deemed estimable include exterior building surfaces, fences and soil where the Authority does not have reliable information to reasonably estimate lead findings and related costs at this time.

## 7. POLLUTION REMEDIATION OBLIGATIONS

### Lead Based Paint (continued)

For the years ended December 31, 2020 and December 31, 2019, the Authority made payments relating to lead-based paint remediation and abatement activities of \$83,922,236 and \$4,484,110 respectively.

As part of the Agreement entered into with HUD referenced in above paragraph, The City of New York is required to provide \$2,200,000,000 of financial support to NYCHA over a ten-year period in order to assist the Authority in meeting its obligations under the Agreement. Such commitments are supported by an Action Plan approved on May 8, 2021 by the Federal Monitor which identifies projects and related spending plans including \$ 771,817,611 dedicated to Lead Abatement projects. Such funding will be treated as a voluntary nonexchange transaction and revenues will be recognized on a cost reimbursement basis..

### Oil Spills

To comply with NYS Department of Environmental Conservation (“DEC”) rules and regulations, the Authority is continuing a program started in 1992 to remediate contaminated soil related to fuel storage tanks on the Authority property as required.

As of December 31, 2020, and 2019, the number of open active fuel oil spills on record with DEC was 32 and 32, respectively. The spills are categorized by the Authority as either Class A spills which are pending closure, Class B spills which require further investigation or Class C spills which have been investigated and have a remedial plan in place. The number of open active fuel oil spills is:

<b>Description of Oil Spills</b>	<b>2020</b>	<b>2019</b>
Pending closure	6	6
Require further investigation	10	10
Have been investigated and have a remedial plan in place	16	16
<b>Total number of spills on record with the DEC</b>	<b>32</b>	<b>32</b>

In connection with petroleum bulk storage remediation, the Authority’s liability was \$3,715,000 and \$3,690,000 as of December 31, 2020 and 2019, respectively, as shown below, which represents the remaining estimated cost to close the Class A spills, investigate the Class B spills, and remediate and re-investigate the Class C spills.

### **Liability to Remediate Oil Spills (\$ in thousands)**

<b>Description of Oil Spills</b>	<b>2020</b>	<b>2019</b>
Pending closure	\$ 23	\$ 23
Require further investigation	463	463
Have been investigated and have a remedial plan in place	3,229	3,204
<b>Total Liability to Remediate Oil Spills</b>	<b>\$ 3,715</b>	<b>\$ 3,690</b>

## 7. POLLUTION REMEDIATION OBLIGATIONS

### Oil Spills (continued)

The Authority has estimated the remaining cost of outlays and time to remediate the Class C spills based on an evaluation of each oil spill. Using that data, the liability was measured using the expected cash flow technique. The Authority has not recognized any clean-up remediation activity liabilities for Class B spills since those costs are not reasonably estimable. The Authority does not expect any recoveries related to fuel oil spills.

### Asbestos Remediation

During the course of building rehabilitation and modernization, the exposure of lead-based paint or asbestos presents a threat to the health of residents and workers. Upon commencement of the rehabilitation and modernization projects these hazards are identified and remediated, and the remediation costs are expensed. As of December 31, 2020 and 2019, commitments related to the remediation of asbestos portions of active contracts were \$36,541,000 and \$35,105,000, respectively. A portion of building rehabilitation and modernization outlays are reimbursable from HUD through its Capital Fund Program.

### Mold Remediation

Based on a 2018 settlement agreement, the Authority is required to complete mold repairs in no more than fifteen (15) days after a mold or excessive moisture condition is detected or reported. There were approximately 18,700 and 9,400 open work orders for mold as of December 31, 2020 and 2019. The estimated cost to remediate these mold conditions was \$22,176,000 and \$11,654,000, respectively.

### Summary

The Authority's total pollution remediation obligations for 2020 and 2019 are summarized as follows (\$ in thousands):

Description	TOTAL	Lead Based			
		Paint	Oil Spills	Asbestos	Mold
<b>Liability at December 31, 2018</b>	<b>\$ 138,940</b>	<b>\$ 92,000</b>	<b>\$ 4,178</b>	<b>\$ 34,762</b>	<b>\$ 8,000</b>
Current year costs	2,804,728	2,751,291	581	30,328	22,528
Payments made during the year	(54,412)	(4,484)	(1,069)	(29,985)	(18,874)
<b>Liability at December 31, 2019</b>	<b>2,889,256</b>	<b>2,838,807</b>	<b>3,690</b>	<b>35,105</b>	<b>11,654</b>
Current year costs	(158,352)	(200,881)	1,280	17,280	23,969
Payments made during the year	(114,468)	(83,922)	(1,255)	(15,844)	(13,447)
<b>Liability at December 31, 2020</b>	<b>\$ 2,616,436</b>	<b>\$ 2,554,004</b>	<b>\$ 3,715</b>	<b>\$ 36,541</b>	<b>\$ 22,176</b>

The above liability is subject to change due to price increases or reductions, changes in technology, or changes in applicable laws or regulations.

## 8. ASSET RETIREMENT OBLIGATIONS

The Department of Environmental Protection ("DEP") regulations require certain activities to be followed in connection with the retirement of fuel oil tanks. As of December 31, 2020, and 2019, the Authority had 298 and 312 fuel oil tanks, respectively, that are expected to be retired within the next five years. The estimated cost to retire these tanks is \$82,874,000 and \$84,188,000 at December 31, 2020 and 2019, respectively. This expense is being recognized over the useful life of the assets. The remaining useful life of the fuel oil tanks range from 1 to 18 years.

Amounts reported as Deferred Outflows of Resources of \$9,756,000 as of December 31, 2020 will be recognized in Repair and Maintenance expense as follows (\$ in thousands):

<u>Year</u>	<u>Total</u>
2021	2,046
2022	1,850
2023	1,591
2024	1,281
2025	892
2026-2030	1,869
2031-2035	196
2036-2038	31
<b>Total</b>	<b><u><u>\$ 9,756</u></u></b>

## 9. CLAIMS PAYABLE

**General Liability** - The Authority maintains a self-insurance program to provide for all claims arising from injuries to persons other than employees. The Authority has insurance to cover all liabilities in excess of a self-insured retention. From January 1, 2019 through July 31, 2019, the Authority's insurance coverage was \$100,000,000 per occurrence and \$177,000,000 in the aggregate, with a self-insured retention of \$1,000,000 per occurrence. From August 1, 2019 through July 31, 2020, the Authority's insurance coverage was \$120,000,000 per occurrence and \$120,000,000 in the aggregate, with a self-insured retention of \$5,000,000 per occurrence. From August 1, 2020 through December 31, 2020, the Authority's insurance coverage was \$100,000,000 per occurrence and \$100,000,000 in the aggregate with a self-insured retention of \$5,000,000 per occurrence. For the period of August 1, 2020 through December 31, 2020, the Authority also retains \$10,000,000 or 50% of the \$20,000,000 layer in excess of its \$5,000,000 self-insured retention. The self-insured retention for Employee Benefits Liability limit (a component of the General Liability program) was \$500,000 per occurrence for the period of January 1, 2019 through July 31, 2019, and \$5,000,000 each occurrence for the period of August 1, 2019 through December 31, 2020. In addition, contractors performing work for the Authority are required to carry liability insurance protecting the contractor and the Authority.

The general liability program is primarily funded based upon an amount which is actuarially determined and charged to individual developments. In addition, a liability is established based upon an estimate of all probable losses, including an estimate of losses incurred but not yet reported. At December 31, 2020 and 2019, the total undiscounted liability for such claims was \$264,958,000 and \$242,475,000, respectively.

At December 31, 2020 and 2019, the liability for these claims was reported at discounted amounts of \$260,256,000 and \$229,927,000 using a discount rate of 0.50 percent and 1.50 percent, respectively. Payments made for claims amounted to \$32,842,000 and \$49,224,000 for the years ended December 31, 2020 and 2019, respectively.

**Workers' Compensation** – The Authority maintains a self-insurance program for workers' compensation claims. The workers' compensation program is primarily funded based upon an amount which is actuarially determined and charged to individual developments. At December 31, 2020 and 2019, the total undiscounted liability for such claims was \$347,419,000 and \$342,019,000, respectively.

At December 31, 2020 and 2019, these amounts were reported at discounted amounts of \$320,534,000 using a discount rate of 1.00 percent and \$293,081,000 using a discount rate of 2.00 percent, respectively. Payments made for claims amounted to \$40,034,000 and \$37,143,000 for the years ended December 31, 2020 and 2019, respectively.

## 9. CLAIMS PAYABLE (continued)

The Authority's total claims payable for 2020 and 2019 are summarized as follows (\$ in thousands):

### Summary of Claims Payable (\$ in thousands)

Description	TOTAL	General Liability	Workers' Comp.
<b>Claim Reserve at December 31, 2018</b>	<b>\$ 479,572</b>	<b>\$ 183,591</b>	<b>\$ 295,981</b>
Losses incurred during the year	129,803	95,560	34,243
Losses paid during the year	(86,367)	(49,224)	(37,143)
<b>Claim Reserve at December 31, 2019</b>	<b>523,008</b>	<b>229,927</b>	<b>293,081</b>
Losses incurred during the year	130,658	63,171	67,487
Losses paid during the year	(72,876)	(32,842)	(40,034)
<b>Claim Reserve at December 31, 2020</b>	<b>\$ 580,790</b>	<b>\$ 260,256</b>	<b>\$ 320,534</b>

The Authority classifies the estimated claims that will be paid out in the next year as a current liability and the balance as a non-current liability, as shown below as of December 31, 2020 and 2019 (\$ in thousands):

Description	Total		General Liability		Workers' Comp.	
	2020	2019	2020	2019	2020	2019
Current	\$ 90,279	\$ 84,587	\$ 47,583	\$ 43,352	\$ 42,696	\$ 41,235
Non-current	490,511	438,421	212,673	186,575	277,838	251,846
<b>Total</b>	<b>\$ 580,790</b>	<b>\$ 523,008</b>	<b>\$ 260,256</b>	<b>\$ 229,927</b>	<b>\$ 320,534</b>	<b>\$ 293,081</b>

## 10. LONG - TERM DEBT

### HDC Loans

On September 10, 2013, the Authority entered into a Loan Agreement with New York City Housing Development Corporation ("HDC"), borrowing approximately \$701 million of bond proceeds issued under the Capital Fund Grant Revenue Bond Program at a weighted average interest rate of 4.8%. The face amount of the bonds consisted of \$185,785,000 of Series 2013 A bonds ("Series A bonds") and \$470,300,000 of Series 2013 B ("Series B bonds"). The Series B bonds had two sub-series: Series 2013 B-1 \$348,130,000 and Series 2013 B-2 \$122,170,000. The bond premiums were \$15,020,118 and \$29,695,129 on the Series A bonds and Series B bonds, respectively. The proceeds of the face amount of these bonds were loaned to the Authority by HDC. HDC Capital Fund Program Revenue Bonds, Series 2013 A, B-1 and B-2 Loan Agreement with an interest rate from 3.0% to 5.25% per annum.



## 10. LONG - TERM DEBT

### HDC Loans (continued)

The Series 2013 A bonds proceeds were issued at a weighted average rate of 4.4% and were used together with other available funds from the prior Series 2005 A bond issuance as an advance refund of the remaining balance of the pre-existing Series 2005 A bonds and to defease the existing debt. The bond proceeds of the new Series 2013 A bonds were deposited in an irrevocable trust with an escrow agent to provide for all remaining debt service payments on the Series 2005 A bonds. The 2005 A bonds were fully paid in July 2005. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$10,388,000. This difference, a deferred amount on refunding, is being amortized through the year 2025 using the effective-interest method. The Authority completed the advance refunding to reduce total debt service payments over 11 years by \$7.0 million and to obtain an economic gain of \$2.9 million.

The Series 2013 B bond proceeds were issued with a weighted average rate of 5.0% to fund acquisition, construction or rehabilitation, and to make capital improvement at 34 Authority developments. Capital improvements primarily include “building envelope” work on roofs, brickwork, and windows, etc. The proceeds of these bonds that have been loaned to the Authority by HDC were placed in escrow accounts with the Trustee banks. The capital improvements for this program was completed and on June 7, 2017, the Authority made its final draw of the loan proceeds.

### Certificates of Indebtedness

The State of New York has loaned the Authority funds to finance the construction of State-aided developments from proceeds of State Housing Bonds. The Authority has acknowledged its indebtedness for such loans by issuance of Certificates of Indebtedness. Debt service payments are made from funds provided by the State of New York. State Guaranteed Certificates of Indebtedness Outstanding bearing interest from 3.5% to 4.75% per annum.

### Mortgage Loans

As part of the Authority’s March 16, 2010 mixed-finance transaction (see Note 16), HDC issued bonds totaling \$477,455,000. The bonds issued by HDC were comprised of seven different series as follows: \$23,590,000 2009 Series L-1, \$68,000,000 2009 Series L-2, \$150,000,000 2010 Series B (Bridge Bonds), \$140,000,000 2011 Series A (Bridge Bonds), \$25,325,000 2010 Series A-1, \$3,000,000 2010 Series A-2 (Fixed-Rate Taxable Bonds), and \$67,540,000 2012 Series A (Index Floating Rate).

The bond proceeds were used to provide financing in the form of mortgage loans to LLC I and LLC II. Of the seven different series of bonds issued as part of the mixed-finance transaction, four series were paid in full in 2013, and three series were outstanding as of December 31, 2020. Specifically, 2009 Series L-2, 2010 Series B, 2011 Series A, and 2012 Series A were paid in full, while the three outstanding are 2009 Series L-1, 2010 Series A-1, and 2010 Series A-2. In September 2013, the three remaining loans were converted from construction to permanent loans, with principal and interest payable monthly.

## 10. LONG - TERM DEBT

### Mortgage Loans (continued)

For LLC I, the proceeds from the mortgage issued in connection with the \$23,590,000 2009 Series L-1 Bonds, bearing interest of 6.30% per annum, were used to finance the acquisition of the developments. These mortgage loans are secured by the net operating income of the respective development's Section 8 rental revenue.

The LLC II financing structure for rehabilitation provided private activity bond proceeds from a long-term bond issue of \$25,325,000 2010 Series A-1 Bonds, bearing interest of 5.10% per annum. Similarly, acquisition funds were provided from the proceeds of the \$3,000,000 2010 Series A-2 Bonds, bearing interest of 5.10% per annum. These mortgage loans are secured by the net operating income of the respective development's Section 8 rental revenue.

### 2013 Equipment Lease/Purchase Agreement

In January 2013, the Authority entered into a 13-year Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp ("BAPCC") in the amount of \$18,046,000 to finance an Energy Performance Contract ("EPC") bearing interest of 1.98% per annum. This financing agreement and EPC have enabled the Authority to upgrade boilers, instantaneous water heaters, apartment temperature sensors, and upgrade computerized heating automated systems at (6) developments, and upgrade apartment convectors at one of these six developments. The Equipment Lease/Purchase Agreement with BAPCC will mature in 2026. This EPC plan provides HUD-sponsored EPC funding for projects at these 6 developments, which were previously earmarked to be funded with Federal Capital subsidies, thereby enabling the Authority to use its Federal Capital funds for other critical capital improvements pursuant to the Authority's Five-Year Capital Plan.

### 2016 Equipment Lease/Purchase Agreement for Ameresco A

In December 2016, the Authority entered into a 20-year Equipment Lease/Purchase Agreement with BAPCC in the amount of \$51,548,000 to finance an Energy Performance Contract ("EPC") bearing interest of 3.27% per annum. This financing agreement and EPC will enable the Authority to upgrade common area and apartment lighting at sixteen (16) developments and to replace a boiler plant and upgrade a comprehensive heating system at one development. The Equipment Lease/Purchase Agreement with BAPCC will mature in June 2036. This EPC plan provides HUD-sponsored EPC funding at these 16 developments, thereby enabling the Authority to use its Federal Capital funds for other capital improvements pursuant to the Authority's Five-Year Capital Plan.

## **10. LONG - TERM DEBT (continued)**

### **2017 Equipment Lease/Purchase Agreement for Sandy-A**

In December 2017, the Authority entered into a 20-year Equipment Lease/Purchase Agreement with BAPCC in the amount of \$43,000,000 to finance an Energy Performance Contract (“EPC”) bearing interest of 3.6178% per annum. This financing agreement and EPC will enable the Authority to upgrade common area and apartment lighting at eighteen (18) developments and heating controls at 17 developments. The Equipment Lease/Purchase Agreement with BAPCC will mature in December 2037. This EPC plan provides HUD-sponsored EPC funding at these 18 developments, thereby enabling the Authority to use its Federal Capital funds for other capital improvements pursuant to the Authority’s Five-Year Capital Plan.

### **2017 Equipment Lease/Purchase Agreement for Brooklyn Queens Demand Management (“BODM”)**

In December 2017, the Authority entered into a 20-year Equipment Lease/Purchase Agreement with BAPCC in the amount of \$60,133,000 to finance an Energy Performance Contract (“EPC”) bearing interest of 3.6178% per annum. This financing agreement and EPC will enable the Authority to upgrade common area and apartment lighting, and apartment heating controls at twenty-three (23) developments. The Equipment Lease/Purchase Agreement with BAPCC will mature in December 2037. This EPC plan provides HUD-sponsored EPC funding at these 23 developments, thereby enabling the Authority to use its Federal Capital funds for other capital improvements pursuant to the Authority’s Five-Year Capital Plan.

### **2018 Equipment Lease/Purchase Agreement for Ameresco B (EPC007)**

In August 2018, the Authority entered into a 20-year Equipment Lease/Purchase Agreement with BAPCC in the amount of \$79,462,000 to finance an Energy Performance Contract (“EPC”) bearing interest of 4.75% per annum. This financing agreement and EPC have enabled the Authority to fund energy conservation work to upgrade common area and apartment lighting, and apartment heating controls at fifteen (15) developments. The Equipment Lease/Purchase Agreement with BAPCC will mature in July 2038. This EPC plan provides HUD-sponsored EPC funding at these 15 developments, thereby enabling the Authority to use its Federal Capital funds for other capital improvements pursuant to the Authority’s Five-Year Capital Plan.

### **2020 Equipment Lease/Purchase Agreement for Ameresco A-2 (EPC008)**

In November 2020, the Authority entered into an 18-year Equipment Lease/Purchase Agreement with BAPCC in the amount of \$23,299,000 to finance an Energy Performance Contract (“EPC”) bearing interest of 3.404% per annum, which was the extension of the Ameresco A entered in 2016. This financing agreement and EPC will include the installation of apartment temperature sensors at seven (7) developments and upgrade common area and apartment lighting at one (1) development. The Equipment Lease/Purchase Agreement with BAPCC will mature in June 2038. This EPC plan provides HUD-sponsored EPC funding at these seven (7) developments, thereby enabling the Authority to use its Federal Capital funds for other capital improvements pursuant to the Authority’s Five-Year Capital Plan.

## 10. LONG - TERM DEBT (continued)

The tables that follow provide information about the change in long term debt over the past two years for the Authority and its blended component units (\$ in thousands):

Description of Long Term Debt	Jan. 1, 2020	Proceeds	Payments & Amortization	Dec. 31, 2020	Due Within One Year
<b>Bonds:</b>					
State Guaranteed Certificates of Indebtedness Outstanding (State Program) three issues remaining bearing interest of 3.5% to 3.75% per annum maturing annually through July 2024.	\$ 5,640	-	\$ (1,462)	\$ 4,178	\$ 1,462
State Guaranteed Certificates of Indebtedness Outstanding (incorporated into the Federal Housing Program), three issues remaining bearing interest of 3.5% to 4.75% per annum, maturing annually through July 2024.	911	-	(243)	668	244
<b>Loans Funded by:</b>					
HDC Capital Fund Program Revenue Bonds, Series 2013 A (\$185,785,000); Loan Agreement with an interest rate of 3.0% to 5.0% per annum, maturing annually through July 2025.	107,305	-	(15,840)	91,465	16,620
HDC Capital Fund Program Revenue Bonds, Series 2013 B-1 (\$348,130,000); Loan Agreement with an interest rate of 5.0% to 5.25% per annum, maturing annually through July 2033.	257,725	-	(19,265)	238,460	20,240
HDC Capital Fund Program Revenue Bonds, Series 2013 B-2 (\$122,170,000); Loan Agreement with an interest rate of 5.0% to 5.25% per annum, maturing annually through July 2032.	122,170	-	-	122,170	-
Loan Payable - 2013 Equipment Lease/Purchase Agreement; with BAPCC for Energy Performance Contract (\$18,045,580) at an interest rate of 1.98% per annum, maturing January 19, 2026.	9,542	-	(1,327)	8,215	1,388
Loan Payable - 2016 Equipment Lease/Purchase Agreement; (Ameresco A) with BAPCC for Energy Performance Contract (\$51,548,356) at an interest rate of 3.27% per annum, maturing June 28, 2036.	51,779	-	(1,817)	49,962	1,953
Loan Payable - 2017 Equipment Lease/Purchase Agreement; (BQDM); with BAPCC for Energy Performance Contract (\$60,132,977.75) at an interest rate of 3.6178% per annum, maturing December 15, 2037.	64,603	-	(1,856)	62,747	2,014
Loan Payable - 2017 Equipment Lease/Purchase Agreement; (SANDY A); with BAPCC for Energy Performance Contract (\$43,000,000) at an interest rate of 3.6178% per annum, maturing December 22, 2037.	46,197	-	(1,194)	45,003	1,437
Loan Payable - 2018 Equipment Lease/Purchase Agreement; (Ameresco B); with BAPCC for Energy Performance Contract (\$79,461,775.81) at an interest rate of 4.75% per annum, maturing July 1, 2038.	82,647	3,973	(869)	85,751	1,039
Loan Payable - 2020 Equipment Lease/Purchase Agreement; (Amoresco A-2); with BAPCC for Energy Performance Contract (\$23,298,752.13) at an interest rate of 3.404% per annum, maturing June 28, 2038.		23,407		23,407	32
HDC 2009 Series L-1 Bonds (\$23,590,000); Permanent Mortgage Loan at an interest rate of 6.3% per annum, maturing November 2043; secured by mortgage.	21,559	-	(405)	21,154	432
HDC 2010 Series A-1 Bonds (\$25,325,000); Permanent Mortgage Loan at an interest rate of 5.1% per annum, maturing November 2041; secured by mortgage.	19,606	-	(9,061)	10,545	294
HDC 2010 Series A-2 Bonds (\$3,000,000); Permanent Mortgage Loan at an interest rate of 5.1% per annum, maturing May 2041; secured by mortgage.	2,308	-	(942)	1,366	38
<b>Long Term Debt (before Premium)</b>	<b>791,992</b>	<b>27,380</b>	<b>(54,281)</b>	<b>765,091</b>	<b>47,193</b>
Add Premium on HDC Revenue Bond Loan Agreements	11,611	-	(2,738)	8,873	-
<b>TOTAL LONG TERM DEBT</b>	<b>\$ 803,603</b>	<b>\$ 27,380</b>	<b>\$ (57,019)</b>	<b>\$ 773,964</b>	<b>\$ 47,193</b>

In July 2019, a prepayment of \$1,449,290 for the Hope Gardens development was made for the 2013 Equipment Lease/Purchase Agreement including principal, interest and a \$28,417 prepayment penalty.

## 10. LONG - TERM DEBT (continued)

In February 2020, prepayments for the William Plaza and Independence Towers developments were made totaling \$2,542,000 for the 2010 Series A-1 Bonds and \$615,000 for the 2010 Series A-2 Bonds.

In November 2020, prepayments for the Wise Towers and 344 East 28<sup>th</sup> Street developments were made totaling \$6,129,000 for the 2010 Series A-1 Bonds and \$285,000 for the 2010 Series A-2 Bonds.

Description of Long Term Debt	Jan. 1, 2019	Proceeds	Payments & Amortization	Dec. 31, 2019	Due Within One Year
<b>Bonds:</b>					
State Guaranteed Certificates of Indebtedness Outstanding (State Program) three issues remaining bearing interest of 3.5% to 3.75% per annum maturing annually through July 2024.	\$ 7,102	-	\$ (1,462)	\$ 5,640	\$ 1,462
State Guaranteed Certificates of Indebtedness Outstanding (incorporated into the Federal Housing Program), three issues remaining bearing interest of 3.5% to 4.75% per annum, maturing annually through July 2024.	1,155	-	(244)	911	244
<b>Loans Funded by:</b>					
HDC Capital Fund Program Revenue Bonds, Series 2013 A (\$185,785,000); Loan Agreement with an interest rate of 3.0% to 5.0% per annum, maturing annually through July 2025.	122,400	-	(15,095)	107,305	15,840
HDC Capital Fund Program Revenue Bonds, Series 2013 B-1 (\$348,130,000); Loan Agreement with an interest rate of 5.0% to 5.25% per annum, maturing annually through July 2033.	276,070	-	(18,345)	257,725	19,265
HDC Capital Fund Program Revenue Bonds, Series 2013 B-2 (\$122,170,000); Loan Agreement with an interest rate of 5.0% to 5.25% per annum, maturing annually through July 2032.	122,170	-	-	122,170	-
Loan Payable - 2013 Equipment Lease/Purchase Agreement; with BAPCC for Energy Performance Contract (\$18,045,580) at an interest rate of 1.98% per annum, maturing January 19, 2026.	12,420	-	(2,878)	9,542	1,327
Loan Payable - 2016 Equipment Lease/Purchase Agreement; (Ameresco A) with BAPCC for Energy Performance Contract (\$51,548,356) at an interest rate of 3.27% per annum, maturing June 28, 2036.	53,389	-	(1,610)	51,779	1,817
Loan Payable - 2017 Equipment Lease/Purchase Agreement; (BQDM); with BAPCC for Energy Performance Contract (\$60,132,977.75) at an interest rate of 3.6178% per annum, maturing December 15, 2037.	62,328	2,275	-	64,603	1,856
Loan Payable - 2017 Equipment Lease/Purchase Agreement; (SANDY A); with BAPCC for Energy Performance Contract (\$43,000,000) at an interest rate of 3.6178% per annum, maturing December 22, 2037.	44,570	1,627	-	46,197	1,194
Loan Payable - 2018 Equipment Lease/Purchase Agreement; (Ameresco B); with BAPCC for Energy Performance Contract (\$79,461,775.81) at an interest rate of 4.75% per annum, maturing July 1, 2038.	79,462	3,185	-	82,647	-
HDC 2009 Series L-1 Bonds (\$23,590,000); Permanent Mortgage Loan at an interest rate of 6.3% per annum, maturing November 2043; secured by mortgage.	21,940	-	(381)	21,559	405
HDC 2010 Series A-1 Bonds (\$25,325,000); Permanent Mortgage Loan at an interest rate of 5.1% per annum, maturing November 2041; secured by mortgage.	20,086	-	(480)	19,606	505
HDC 2010 Series A-2 Bonds (\$3,000,000); Permanent Mortgage Loan at an interest rate of 5.1% per annum, maturing May 2041; secured by mortgage.	2,365	-	(57)	2,308	60
<b>Long Term Debt (before Premium)</b>	<b>825,457</b>	<b>7,087</b>	<b>(40,552)</b>	<b>791,992</b>	43,975
Add Premium on HDC Revenue Bond Loan Agreements	14,972	-	(3,361)	11,611	-
<b>TOTAL LONG TERM DEBT</b>	<b>\$ 840,429</b>	<b>\$ 7,087</b>	<b>\$ (43,913)</b>	<b>\$ 803,603</b>	<b>\$ 43,975</b>

## 10. LONG TERM DEBT (continued)

### Pledged Revenue

***CFFP Series 2013A & B Bonds*** - As security for the Series 2013 A, B-1, and B-2 CFFP Bonds which were issued by HDC, the Authority pledged future HUD Capital Fund Program grant revenue to service the bond debt (thereby satisfying the Authority's loans payable to HDC). With HUD's approval, the Authority pledged as sole security for the bonds, a portion of its annual appropriation from HUD. The bonds are payable with pledged revenue through 2033. The Authority has committed to appropriate capital contributions of the Capital Fund Program in amounts sufficient to cover the scheduled principal and interest requirements of the debt. Total principal and interest paid for 2020 and 2019, by the Authority was \$59,565,000 and \$59,559,000, respectively. As of December 31, 2020, total principal and interest remaining on the combined debt for Series 2013 A, B-1, and B-2 are \$452,095,000 and \$155,990,000, respectively, with annual debt service ranging from \$59,585,000 in the coming year 2021 to \$38,792,000 in the final year 2033.

***2013 Equipment Lease/Purchase Agreement*** - As security for the Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp, the Authority pledged HUD Operating Subsidy revenue to service the loan debt. With HUD's approval, the Authority pledged as security, a portion of its annual appropriation from HUD that consists of HUD Financial Incentive Payments. The loan is payable with pledged revenue through 2026. The Authority has committed to appropriate HUD Operating Subsidy revenue in amounts sufficient to cover the scheduled principal and interest requirements of the debt. Total principal and interest paid for 2020 and 2019, by the Authority was \$1,510,000 and \$3,117,000 respectively. As of December 31, 2020, total principal and interest remaining on the Equipment Lease/Purchase Agreement are \$8,215,000 and \$496,000, with annual debt service ranging from \$1,544,000 in the coming year 2021 to \$743,000 in the final year 2026.

***2016 Equipment Lease/Purchase Agreement for Ameresco A*** - As security for the Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp, the Authority pledged HUD Operating Subsidy revenue to service the loan debt. With HUD's approval, the Authority pledged as security, a portion of its annual appropriation from HUD that consists of HUD Financial Incentive Payments. The loan is payable with pledged revenue through 2036. The Authority has committed to appropriate HUD Operating Subsidy revenue in amounts sufficient to cover the scheduled principal and interest requirements of the debt. Total principal and interest paid for 2020 and 2019, by the Authority was \$3,495,000 and \$3,343,000 respectively. As of December 31, 2020, total principal and interest remaining on the Equipment Lease/Purchase Agreement are \$49,963,000 and \$15,025,000, with annual debt service payments ranging from \$3,571,000 in the coming year 2021 to \$2,439,000 in the final year 2036.

## 10. LONG-TERM DEBT (continued)

**2017 Equipment Lease/Purchase Agreement for Sandy A** - As security for the Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp, the Authority pledged HUD Operating Subsidy revenue to service the loan debt. With HUD's approval, the Authority pledged as security, a portion of its annual appropriation from HUD that consists of HUD Financial Incentive Payments. The loan is payable with pledged revenue through 2037. The Authority has committed to appropriate HUD Operating Subsidy revenue in amounts sufficient to cover the scheduled principal and interest requirements of the debt. Total principal and interest paid for 2020 by the Authority was \$2,854,000. As of December 31, 2020, total principal and interest remaining on the Equipment Lease/Purchase Agreement are \$45,003,000 and \$16,745,000, with annual debt service payments ranging from \$3,052,000 in the coming year 2021 to \$4,271,000 in the final year 2037. During the construction period and prior to beginning debt service payments, the interest will be added to the principal of the loan. In 2019 the Authority added \$1,627,000, in interest to this loan.

**2017 Equipment Lease/Purchase Agreement for BQDM** - As security for the Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp, the Authority pledged HUD Operating Subsidy revenue to service the loan debt. With HUD's approval, the Authority pledged as security, a portion of its annual appropriation from HUD that consists of HUD Financial Incentive Payments. The loan is payable with pledged revenue through 2037. The Authority has committed to appropriate HUD Operating Subsidy revenue in amounts sufficient to cover the scheduled principal and interest requirements of the debt. Total principal and interest paid for 2020 by the Authority was \$4,177,000. As of December 31, 2020, total principal and interest remaining on the Equipment Lease/Purchase Agreement are \$62,747,000 and \$23,272,000, with annual debt service payments ranging from \$4,266,000 in the coming year 2021 to \$5,640,000 in the final year 2037. During the construction period and prior to beginning debt service payments, the interest will be added to the principal of the loan. In 2019 the Authority added \$2,275,000 in interest to this loan.

**2018 Equipment Lease/Purchase Agreement for Ameresco B (EPC007)** - As security for the Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp, the Authority pledged HUD Operating Subsidy revenue to service the loan debt. With HUD's approval, the Authority pledged as security, a portion of its annual appropriation from HUD that consists of HUD Financial Incentive Payments. The loan is payable with pledged revenue through 2038. The Authority has committed to appropriate HUD Operating Subsidy revenue in amounts sufficient to cover the scheduled principal and interest requirements of the debt. As of December 31, 2020, total principal and interest remaining on the Equipment Lease/Purchase Agreement are \$85,751,000 and \$44,754,000, with annual debt service payments ranging from \$6,218,000 in the coming year 2021 to \$4,420,000 in the final year 2038. Debt service payments begin in December 2020 for January 1, 2021 payment. During the construction period and prior to beginning debt service payments, the interest will be added to the principal of the loan. In 2020, the Authority added \$3,880,000 in interest to this loan.

## 10. LONG-TERM DEBT (continued)

**2020 Equipment Lease/Purchase Agreement for Ameresco A-2 (EPC008)** - As security for the Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp, the Authority pledged HUD Operating Subsidy revenue to service the loan debt. With HUD's approval, the Authority pledged as security, a portion of its annual appropriation from HUD that consists of HUD Financial Incentive Payments. The loan is payable with pledged revenue through 2038. The Authority has committed to appropriate HUD Operating Subsidy revenue in amounts sufficient to cover the scheduled principal and interest requirements of the debt. As of December 31, 2020, total principal and interest remaining on the Equipment Lease/Purchase Agreement are \$23,407,000 and \$10,988,000, with annual debt service payments ranging from \$437,000 in the coming year 2021 to \$3,380,000 in the final year 2038. During the construction period and prior to beginning debt service payments, the interest will be added to the principal of the loan. In 2020, the Authority added \$108,000 in interest to this loan.

### Pledged Assets

The Authority has six Equipment Lease/Purchase Agreements supporting energy performance contracts are with Banc of America Public Capital Corp. As of December 31, 2020, the restricted bank balances that were held in escrow and pledged as collateral for five leases totaled \$108,767,000 and the related equipment serving as collateral for these EPCs totaled \$ 207,233,000. In addition, the Authority has four loan agreements outstanding with HDC. As of December 31, 2020, the restricted cash balances that were held in debt service reserve accounts and serving as collateral for two loans totaled \$29,824,000.

### Combined Debt of the Authority

During 2020 and 2019, the Authority made principal payments on its outstanding long-term debt totaling \$54,281,000 and \$40,552,000, respectively. Interest rates on outstanding debt range from 1.98 percent to 6.30 percent.

Future principal and interest payments of all the Authority's outstanding long-term debt (excluding amortized bond premium) at December 31, 2020 are payable as follows (\$ in thousands):

	<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Current portion	2021	\$ 47,193	\$ 35,269	\$ 82,462
Long-term portion:				
	2022	51,881	33,067	84,948
	2023	53,499	30,686	84,185
	2024	55,642	28,182	83,824
	2025	58,151	25,709	83,860
	2026-2030	218,702	95,488	314,190
	2031-2035	209,509	38,509	248,018
	2036-2040	65,416	6,326	71,742
	2041-2043	5,098	420	5,518
Total long-term portion		<u>717,898</u>	<u>258,387</u>	<u>976,285</u>
Total payments		<u>\$ 765,091</u>	<u>\$ 293,656</u>	<u>\$ 1,058,747</u>



## 11. ACCRUED LEAVE TIME

Accumulated unpaid leave time is accrued at estimated amounts of future benefits attributable to services already rendered. The liability for compensated absences is calculated for all active employees and is based upon the leave time policy of the Authority, of which two of the major policy factors are retirement eligibility requirements and number of unused leave days eligible for payment.

The liability is comprised of three components: (1) liability for unused leave time (days and hours), (2) liability for bonus retirement leave for employees currently eligible to retire, and (3) liability for bonus retirement leave for employees not currently eligible to retire.

The liability for those employees who are retirement eligible is classified as a current liability, while the liability of those employees not currently eligible to retire is classified as a long-term liability.

The changes in accrued leave time for the years ending December 31, 2020 and 2019 are as follows:

### Summary of Accrued Leave Time (\$ in thousands)

Description of Liability	Dec. 31, 2018	Increases	Decreases	Dec. 31, 2019	Increases	Decreases	Dec. 31, 2020
Unused leave time	\$ 87,711	\$ 13,293	\$ (12,174)	\$ 88,830	\$ 23,334	\$ (12,343)	\$ 99,821
<b>Bonus:</b>							
Retirement eligible	35,821	7,430	(6,981)	36,270	7,495	(6,018)	37,748
Not retirement eligible	44,159	6,654	(6,335)	44,478	6,872	(6,472)	44,878
Total Bonus	79,980	14,084	(13,316)	80,748	14,367	(12,490)	82,626
Subtotal	167,691	27,377	(25,490)	169,578	37,701	(24,833)	182,447
Employer FICA	12,828	2,094	(1,949)	12,973	2,884	(1,899)	13,957
<b>Leave Time Liability</b>	<b>\$ 180,519</b>	<b>\$ 29,471</b>	<b>\$ (27,439)</b>	<b>\$ 182,551</b>	<b>\$ 40,585</b>	<b>\$ (26,732)</b>	<b>\$ 196,404</b>

The current and long-term portions of leave time liability as of December 31, 2020 and 2019 are as follows (\$ in thousands):

Description of Liability	2020	2019
Current portion	\$ 79,463	\$ 74,803
Long-term portion	116,941	107,748
<b>Total accrued leave time</b>	<b>\$ 196,404</b>	<b>\$ 182,551</b>

## 12. EMPLOYEE BENEFITS

### Deferred Compensation Plan

The Authority does not have its own Deferred Compensation Plan. The Authority's employees participate in The City of New York Deferred Compensation Plan, which offers a 457 Plan, a 401(k) Plan, and a Roth 401(k) Plan, through payroll deductions. Employees may choose to make pre-tax contributions and/or Roth (after-tax) contributions in the 457 Plan. The plan allows employees to save regularly, in certain cases, with before-tax dollars while deferring federal, state and local income taxes. The pre-tax contributions will remain tax deferred until withdrawn through plan benefit payments.

### Voluntary Defined Contribution program

On October 1, 2020, The City of New York began to offer a Voluntary Defined Contribution program which is a retirement plan alternative to the City's existing pension systems. All unrepresented employees hired into or appointed to a permanent full-time and/or part-time position on or after July 1, 2013 with an estimated annualized full-time salary of at least \$75,000 are eligible to join. The number of NYCHA employees joining this plan in 2020 was immaterial.

### Pension Plan

The Authority follows the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This Statement establishes financial reporting standards for state and local governments for pensions (see Note 1).

**Plan Description.** Authority employees are members of the New York City Employees' Retirement System, a multiple employer, cost-sharing, public employee retirement system. NYCERS provides retirement, as well as death and disability benefits. The NYCERS plan combines the features of a defined benefit pension plan with those of a defined contribution pension plan but is considered a defined benefit plan for financial reporting purposes. NYCERS administers the New York City Employees Retirement System qualified pension plan.

NYCERS issues a stand-alone financial report, which is included in The City of New York Comprehensive Annual Financial Report as a pension trust fund. This financial report may be obtained from the New York City Employees' Retirement System, 335 Adams Street, Suite 2300, Brooklyn, N.Y. 11201-3724, or from the website of NYCERS at <http://nycers.org>.

All persons holding permanent civil service positions in the competitive or labor class are required to become members of the system six months after their date of appointment but may voluntarily elect to join the system prior to their mandated membership date. All other eligible employees have the option of joining the system upon appointment or anytime thereafter.

Tier 1 - All members who joined prior to July 1, 1973.

Tier 2 - All members who joined on or after July 1, 1973 and before July 27, 1976.

Tier 3 - Only certain members who joined on or after July 27, 1976 and prior to April 1, 2012.

## 12. EMPLOYEE BENEFITS

### Pension Plan (continued)

Tier 4 - All members (with certain member exceptions) who joined on or after July 27, 1976 but prior to April 1, 2012. Members who joined on or after July 27, 1976 but prior to September 1, 1983 retain all rights and benefits of Tier 3 membership.

Tier 6 – Members who joined on or after April 1, 2012.

The 63/10 Retirement Plan (“Tier 6 Basic Plan”), changed the vesting period from five years of credited service to ten years of credited service.

NYCERS provides three main types of retirement benefits: Service Retirements, Ordinary Disability Retirements, which are non-job-related disabilities, and Accident Disability Retirements, which are job-related disabilities, to participants generally based on salary, length of service, and member Tiers. The Service Retirement benefits provided to Tier 1 participants fall into four categories according to the level of benefits provided and the years of service required. Three of the four categories provide annual benefits of 50% to 55% of final salary after 20 or 25 years of service, with additional benefits equal to a specified percentage per year of service, currently 1.2% to 1.7%, of final salary. The fourth category has no minimum service requirement and instead provides an annual benefit for each year of service equal to a specified percentage, currently 0.7% to 1.53%, of final salary.

**Funding Policy.** Benefit and contribution provisions, which are contingent upon the time at which the employee last entered qualifying service, salary, and length of credited service, are established by State law and may be amended only by the State Legislature. The plan has contributory and non-contributory requirements, with retirement age of 55 or older depending upon when an employee last entered qualifying service, except for employees in physically taxing titles and those who can retire at age 50 with proper service.

Employees entering qualifying service on or before June 30, 1976 are enrolled in a non-contributory plan. Employees entering qualifying service after June 30, 1976, but before June 29, 1995, are enrolled in a plan which required a 3 percent contribution of their salary. This 3 percent required contribution was eliminated for employees who reached 10 years of service, effective October 1, 2000. Employees entering qualifying service after June 28, 1995 are enrolled in a plan which requires a 4.85 percent contribution of their salary, or a 6.83 percent contribution for physically taxing positions.

Under the Tier 6 Basic Plan, employees who joined NYCERS between April 1, 2012 and March 31, 2013 are required to contribute 3 percent of gross wages. On April 1, 2013 a new contribution structure took effect which ranges from 3 percent to 6 percent dependent upon annual wages earned during the “plan year”. The Authority’s contributions for the years ended December 31, 2020 and 2019 were \$164,262,000 and \$163,186,000 respectively. The Authority’s contractually required contributions for the years ended December 31, 2020 and 2019 as a percentage of covered payroll were 17.76% and 20.01%, respectively.

## 12. EMPLOYEE BENEFITS

### Pension Plan (continued)

**Net Pension Liability.** As of December 31, 2020, and 2019, the Authority reported a liability of \$913,451,000 and \$822,109,000, respectively, for its proportionate share of NYCERS's net pension liability, as calculated by the New York City Office of the Actuary. The net pension liability was measured as of June 30, 2020 and June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2019 and June 30, 2018, respectively. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020 and 2019 the Authority's proportion of net pension liability was 4.333% and 4.439%, respectively. For the years ended December 31, 2020 and 2019, the Authority recognized pension expense of \$110,541,000 and \$117,844,000, respectively. At December 31, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (\$ in thousands):

<b>Deferred Outflows of Resources - 2020</b>		<b>Deferred Inflows of Resources - 2020</b>	
Change of assumptions	\$ 385	Change in assumptions	\$ 27,056
Difference between expected and actual experience	92,007	Difference between expected and actual experience	41,203
Net difference between projected and actual earnings on pension plan investments	43,382	Net difference between projected and actual earnings on pension plan investments	-
Total contributions subsequent to the measurement date	<u>83,685</u>	Changes in proportion and differences between contributions subsequent to the measurement date	<u>90,773</u>
<b>Total</b>	<b><u>\$ 219,459</u></b>	<b>Total</b>	<b><u>\$ 159,032</u></b>

<b>Deferred Outflows of Resources - 2019</b>		<b>Deferred Inflows of Resources - 2019</b>	
Change of assumptions	\$ 525	Change in assumptions	\$ 34,472
Difference between expected and actual experience	68,744	Difference between expected and actual experience	57,108
Net difference between projected and actual earnings on pension plan investments	-	Net difference between projected and actual earnings on pension plan investments	51,012
Total contributions subsequent to the measurement date	<u>80,955</u>	Changes in proportion and differences between contributions subsequent to the measurement date	<u>92,268</u>
<b>Total</b>	<b><u>\$ 150,224</u></b>	<b>Total</b>	<b><u>\$ 234,860</u></b>

## 12. EMPLOYEE BENEFITS

### Pension Plan (continued)

Deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date of \$83,685,000 will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (\$ in thousands):

Year	Total
2021	\$ (36,078)
2022	(7,889)
2023	1,400
2024	15,879
2025	3,149
2026	281
<b>Total</b>	<b>\$ (23,258)</b>

*Actuarial Methods and Assumptions.* The total pension liability in the June 30, 2019 and June 30, 2018 actuarial valuations used, respectively, by the Authority in 2020 and in 2019 were both determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return	7% per annum, net of investment expenses
Salary Increases	3.0% per annum general, merit and promotion increases plus assumed general wage increases
Cost of Living Adjustments	1.5% per annum for certain tiers

Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially-funded New York City Retirement Systems (“NYCRS”) are conducted every two years.

## 12. EMPLOYEE BENEFITS

### Pension Plan (continued)

In June 2019, Bolton, Inc. issued their actuarial experience study report for the four-year and ten-year periods ended June 30, 2017. Based, in part, on this report, the Actuary proposed and the Boards of Trustees of the NYCERS adopted changes in actuarial assumptions including a change to Mortality Improvement Scale MP-2018 beginning in Fiscal Year 2019.

**Expected Rate of Return on Investments.** The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rates of Return
<b>Public Markets:</b>		
U.S. Public Market Equities	27.0%	7.6%
Developed Public Market Equities	12.0%	7.7%
Emerging Public Market Equities	5.0%	10.6%
Fixed Income	30.5%	3.1%
<b>Private Markets (Alternative Investments):</b>		
Private Equity	8.0%	11.2%
Private Real Estate	7.5%	7.0%
Infrastructure	4.0%	6.8%
Opportunistic Fixed Income	6.0%	6.5%
Total	100.0%	

The City has determined its long-term expected rate of return on investments to be 7.00%. This is based upon an expected real rate of return of 6.5% and a long-term Consumer Price Inflation assumption of 2.5% per year, which is reduced by investment related expenses.

**Discount Rate.** The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020 and June 30, 2019. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made based on rates determined by the Actuary. Based on those assumptions, the NYCERS fiduciary net position was projected to be available to make all projected future benefit payments of current active and non-active NYCERS members. Therefore, the long-term expected rate of return on NYCERS investments was applied to all periods of projected payments to determine the total pension liability.

## 12. EMPLOYEE BENEFITS

### Pension Plan (continued)

The following presents the Authority's proportionate share of the net pension liability as of December 31, 2020 and 2019, calculated using the discount rate of 7%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6%) or one-percentage point higher (8%) than the current rate (\$ in thousands):

NYCHA's proportionate share of the net pension liability	1% decrease (6%)	Discount rate (7%)	1% increase (8%)
2020	\$ 1,365,591	\$ 913,451	\$ 531,846
2019	\$ 1,268,135	\$ 822,109	\$ 445,516

The fiduciary net position and additions to and deductions from the fiduciary net position have been determined on the same basis as reported by NYCERS. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the Plan; investments are reported at fair value.

### Other Postemployment Benefits

The Authority follows the provisions of GASB Statement No. 75 ("GASB 75"), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which was implemented in 2017 (see Note 2). GASB 75 replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employee Plans*.

**Plan Description.** The Authority is a component unit of The City and a member of the New York City Health Benefits Program. The New York City Health Benefits Program (the "Plan"), administered by The City of New York, is a single-employer defined benefit healthcare plan which provides OPEB to eligible retirees and beneficiaries. Retirees are eligible to participate if they have at least 10 years of credited service as a member of the NYCERS (5 years of credited service if employed on or before December 31, 2001), and receives a pension check from NYCERS. OPEB includes health insurance, Medicare Part B reimbursements, and welfare fund contributions.

**Funding Policy.** The Administrative Code of The City of New York ("ACNY") defines OPEB to include Health Insurance and Medicare Part B reimbursements; Welfare Benefits stem from the Authority's many collective bargaining agreements. The Authority is not required by law or contractual agreement to provide funding for OPEB other than the pay-as-you go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. For the calendar years ended December 31, 2020 and 2019, the Authority paid \$80.3 million and \$94.8 million, respectively, to the Plan. Based on current practice, (the Substantive Plan which is derived from ACNY), the Authority pays the full cost of basic coverage for non-Medicare-eligible/Medicare-eligible retiree participants. The costs of these benchmark plans are reflected in the annual June 30<sup>th</sup> actuarial

## 12. EMPLOYEE BENEFITS

### Other Postemployment Benefits (continued)

valuations by using age-adjusted premium amounts. Plan retiree participants who opt for other basic or enhanced coverage must contribute 100% of the incremental costs above the premiums for the benchmark plans. The Authority also reimburses covered employees 100% of the Medicare Part B premium rate applicable to a given year. The Authority pays per capita contributions to the welfare funds the amounts of which are based on negotiated contract provisions. There is no retiree contribution to the welfare funds.

**Census Data.** The following table presents the NYCHA census data used in the June 30, 2019 and June 30, 2018 OPEB valuations which were used to measure the Total OPEB Liability at December 31, 2020 and December 31, 2019, respectively.

Status	Number of Participants	
	June 30, 2019	June 30, 2018
Active	8,851	9,192
Inactives	1,303	784
Deferred Vested	1,559	1,468
Retired	<u>9,239</u>	<u>9,126</u>
<b>Total</b>	<b><u>20,952</u></b>	<b><u>20,570</u></b>

**Total OPEB Liability.** The Entry Age Actuarial Cost Method used in the current OPEB actuarial valuation is unchanged from the prior actuarial valuation.

Under this method, the Actuarial Present Value (“APV”) of Benefits (“APVB”) of each individual included in the valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The employer portion of this APVB allocated to a valuation year is the Employer Normal Cost. The portion of this APVB not provided for at a valuation date by the APV of Future Employer Normal Costs is the Total OPEB Liability.

Increases (decreases) in liabilities due to benefit changes, actuarial assumption changes and /or actuarial method changes are also explicitly identified and amortized in the annual expense.



## 12. EMPLOYEE BENEFITS

### Other Postemployment Benefits (continued)

*Changes in Total OPEB Liability.* Changes in the Authority's Total OPEB Liability for the years ended December 31, 2020 and December 31, 2019 are as follows (\$ in thousands)

Description	Total OPEB Liability	
	2020	2019
<b>Total OPEB Liability at the Beginning of the Year</b>	<b>\$ 2,816,376</b>	<b>\$ 2,562,230</b>
Changes for the Year:		
Service Cost	101,429	97,836
Interest	93,563	94,828
Differences between Expected and Actual Experience	(20,992)	417,892
Change in Assumptions	578,488	(221,694)
Contributions - Employer	(80,330)	(94,814)
Implicit Rate Subsidy	(16,000)	(16,000)
Other Changes*	-	(23,902)
<b>Net Changes</b>	<b>656,158</b>	<b>254,146</b>
<b>Total OPEB Liability at the End of the Year</b>	<b>\$ 3,472,534</b>	<b>\$ 2,816,376</b>

\* Repeal of Cadillac Tax

*Sensitivity Analysis.* The following presents the Total OPEB Liability of the Authority, as well as what the Authority's Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the discount rates of 1.93% and 3.26% used to measure the Total OPEB Liability at December 31, 2020 and December 31, 2019, respectively (\$ in thousands):

1% decrease (0.93%)	Discount rate (1.93%) 2020	1% increase (2.93%)
\$ 4,032,522	\$ 3,472,534	\$ 3,022,953
1% decrease (2.26%)	Discount rate (3.26%) 2019	1% increase (4.26%)
\$ 3,210,489	\$ 2,816,376	\$ 2,491,038

## 12. EMPLOYEE BENEFITS

### Other Postemployment Benefits (continued)

The following presents the total OPEB Liability of the Authority, as well as what the Authority's total OPEB Liability would be if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates (\$ in thousands):

1% decrease	Current healthcare cost trend rates	1% increase
2020	2020	2020
\$ 2,886,231	\$ 3,472,534	\$ 4,247,094
2019	2019	2019
\$ 2,385,178	\$ 2,816,376	\$ 3,372,032

**OPEB Expense.** The OPEB expense recognized by the Authority for the years ended December 31, 2020 and 2019 are \$257,391,000 and \$127,536,000, respectively. This OPEB increase was primarily due to the recognition of change in discount rate assumption from 3.26% in 2019 to 1.93% in 2020. The total loss related to this change was \$578,488,000 which will be amortized to OPEB expense over a 5.4 year period. The expense amount recognized in 2020 is \$107,525,000. In addition, the high cost plan excise tax ("Cadillac tax") was repealed effective December 20, 2019, causing a reversal of \$23,902,000 OPEB liability and the related expense in 2019.

**Deferred Outflows of Resources and Deferred Inflows of Resources.** Deferred outflows of resources and deferred inflows of resources by source reported by the Authority at December 31, 2020 and December 31, 2019, respectively, are as follows (\$ in thousands):

<b>Deferred Outflows of Resources - 2020</b>		<b>Deferred Inflows of Resources - 2020</b>	
Difference between expected and actual experience	\$ 294,038	Difference between expected and actual experience	\$ 38,063
Changes in assumptions	<u>483,897</u>	Changes in assumptions	<u>251,148</u>
<b>Total</b>	<b><u>\$ 777,935</u></b>	<b>Total</b>	<b><u>\$ 289,211</u></b>
<b>Deferred Outflows of Resources - 2019</b>		<b>Deferred Inflows of Resources - 2019</b>	
Difference between expected and actual experience	\$ 375,851	Difference between expected and actual experience	\$ 32,756
Changes in assumptions	<u>20,202</u>	Changes in assumptions	<u>353,670</u>
<b>Total</b>	<b><u>\$ 396,053</u></b>	<b>Total</b>	<b><u>\$ 386,426</u></b>

## 12. EMPLOYEE BENEFITS

### Other Postemployment Benefits (continued)

Amounts reported as Deferred Outflows of Resources of \$777,935,000 and Deferred Inflows of Resources of \$289,211,000 related to OPEB as of December 31, 2020 will be recognized in OPEB Expense as follows (\$ in thousands):

Year	Total
2021	\$ 85,509
2022	111,711
2023	124,107
2024	128,020
2025	39,377
<b>Total</b>	<b><u>\$ 488,724</u></b>

**Funding Status and Funding Progress.** As of December 31, 2020, the most recent roll-forward actuarial valuation date, the Plan was not funded. The total discounted OPEB liability for benefits was \$3,472,534,000, all of which is unfunded. There were no assets accumulated in a trust. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The determined actuarial valuations of OPEB incorporated the use of demographic and salary increase assumptions among others as reflected below. Amounts determined regarding the funded status and the annual expense of the Authority are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of changes in the net OPEB liability and related ratios shown in the RSI section immediately following the notes to financial statements presents GASB Statement No. 75 results of OPEB valuations for Fiscal Years 2020 and 2019.

**Actuarial Methods and Assumptions.** The actuarial assumptions used in the 2020 and the 2019 OPEB valuations are a combination of those used in the NYCERS pension actuarial valuations and those specific to the OPEB valuations.

These assumptions are generally unchanged from the previous valuation except as noted below.

The OPEB-specific actuarial assumptions primarily used in the Fiscal Year 2020 and Fiscal Year 2019 OPEB actuarial valuations of the Plan are as follows:

<i>Valuation Date</i>	June 30, 2019 and June 30, 2018
<i>Measurement Date</i>	December 31, 2020 and December 31, 2019
<i>Discount Rate</i>	1.93% <sup>(1)</sup> per annum for the December 31, 2020 measurement date 3.26% <sup>(1)</sup> per annum for the December 31, 2019 measurement date
<i>Actuarial Cost Method</i>	Entry Age Normal cost method, level percent of pay calculated on an individual basis.

## 12. EMPLOYEE BENEFITS

### Other Postemployment Benefits (continued)

#### *Per-Capita Claims Costs*

EBCBS and GHI plans are insured via a Minimum Premium arrangement while the HIP and many of the other HMOs are community rated. Costs reflect age-adjusted premiums for all plans.

<sup>(1)</sup> As required under GASB 75 the discount rates are based on the S&P Municipal Bond 20 Year High Grade Index, since there is no pre-funding assumed for this plan.

Initial monthly premium rates used in the valuation are as follows:

Plan	Monthly Rates FY 2020	Monthly Rates FY 2019
HIP HMO		
Non-Medicare		
Single	\$ 753.40	\$ 729.97
Family	1,845.83	1,783.60
Medicare	174.52	170.84
GHI/EBCBS:		
Non-Medicare		
Single	\$ 710.74	\$ 741.40
Family	1,866.41	1,947.32
Medicare	188.20	191.64
Others:		
Non-Medicare Single	\$ 1,102.40 (A)	\$ 1,075.01 (A)
Non-Medicare Family	2,521.20 (A)	2,409.82 (A)
Medicare Single	307.58 (A)	338.86 (A)
Medicare Family	607.20 (A)	668.49 (A)

(A) Other HMO premiums represent the total premium for medical (not prescription drug) coverage including retiree contributions.

Additionally, the individual monthly rates at age 65 used in the valuations are shown below:

Plan	Monthly Rates @ Age 65 FY 2020	Monthly Rates @ Age 65 FY 2019
HIP HMO		
Non-Medicare	\$ 1,697.18	\$ 1,641.20
Medicare	174.52	170.84
GHI/EBCBS		
Non-Medicare	\$ 1,631.78	\$ 1,690.38
Medicare	185.90	187.24
Other HMOs	Varies by system	Varies by system

## 12. EMPLOYEE BENEFITS

### Other Postemployment Benefits (continued)

#### *Welfare Funds*

The Welfare Fund Contribution reported as of the valuation date, June 30, 2019 and June 30, 2018, respectively, (including any reported retroactive amounts) was used as the per capita cost for valuation purposes.

The calculations reflect an additional one-time \$100 contribution for Fiscal Year 2019 in July 2018 and Fiscal Year 2020 in July 2019.

Reported annual contribution amounts for the last three years are shown in the Fiscal Year 2020 GASB 74/75 report in Section VII, Tables VII-h to VII-l. Welfare Fund Rates are based on actual reported Union Welfare Fund code for current retirees. Weighted average annual contribution rates used for future retirees, based on Welfare Fund enrollment of recent retirees, are shown in the following table.

	Annual Rate	
	2020	2019
NYCERS	\$ 1,897	\$ 1,870
BERS	1,934	1,926

#### *Medicare Part B Premiums*

Calendar Year	Monthly Premium
2013-15	\$ 104.90
2016	109.97
2017	113.63
2018	125.85
2019	134.43
2020	143.21 *

\* Reflected only in the FY 2020 valuation

Medicare Part B Premium reimbursement amounts have been updated to reflect actual premium rates announced for calendar years through 2020. Due to limited cost-of living adjustment in Social Security benefits for Calendar Years 2018, 2019, and 2020, some Medicare Part B participants will not be charged the Medicare Part B premium originally projected or ultimately announced for those years. Thus, the valuation uses a blended estimate as a better representation of future Part B premium costs.

For the 2020 OPEB actuarial valuation the annual premium used was \$1,665.84 which is equal to 12 times an average of the Calendar Year 2019 and 2020 monthly premiums shown.

## 12. EMPLOYEE BENEFITS

### Other Postemployment Benefits (continued)

For Calendar Year 2020, the monthly premium of \$143.21 was determined as follows:

- 3.5% of the basic \$104.90 monthly hold-harmless amount, assuming that there would be no claims made for the slight increase in Part B premiums for continuing retirees, and
- 96.5% of the announced premium of \$144.60 for Calendar Year 2020, representing the proportion of the Medicare population that will pay the announced amount.

For the 2019 OPEB actuarial valuation the annual premium used was \$1,561.68, which is equal to 12 times an average of the Calendar Year 2018 and 2019 monthly premiums shown.

For the Calendar Year 2019, the monthly premium of \$134.43 was determined as follows:

- 3.5% of the basic \$104.90 monthly hold-harmless amount, assuming that there would be no claims made for the slight increase in Part B premiums for continuing retirees, and
- 96.5% of the announced premium of \$135.50 for Calendar Year 2019, representing the approximate percentage of the Medicare population that will pay the announced amount.

### *Medicare Part B Prem. (cont.)*

Overall Medicare Part B Premium amounts are assumed to increase by the following percentages to reflect the income-related increases in Medicare Part B Premiums for high income individuals.

<u>Fiscal Year</u>	<u>Income-Related Part B Increase</u>
2020	5.2%
2021	5.3%
2022	5.4%
2023	5.5%
2024	5.6%
2025	5.8%
2026	5.9%
2027 and later	6.0%

### *Medicare Part B Reimbursement Assumption*

90% of Medicare participants are assumed to claim reimbursement; based on historical data (unchanged from last year).

## 12. EMPLOYEE BENEFITS

### Other Postemployment Benefits (continued)

#### *Health Care Cost Trend Rate (HCCTR)*

No changes were made to the Medicare Part B premium, Welfare Fund contributions, or medical trends for the Fiscal Year 2020 valuation.

<b>HCCTR ASSUMPTIONS - 2020</b>				
<b>Fiscal Year Ending</b>	<b>Pre-Medicare Plans</b>	<b>Medicare Plans</b>	<b>Medicare Part B Premium</b>	<b>Welfare Fund Contributions</b>
2020	7.00%	5.00%	5.74% (1)	3.50%
2021	6.75%	4.90%	5.00%	3.50%
2022	6.50%	4.90%	5.00%	3.50%
2023	6.25%	4.80%	5.00%	3.50%
2024	6.00%	4.80%	5.00%	3.50%
2025	5.75%	4.70%	5.00%	3.50%
2026	5.50%	4.70%	5.00%	3.50%
2027	5.25%	4.60%	5.00%	3.50%
2028	5.00%	4.60%	5.00%	3.50%
2029	4.75%	4.50%	5.00%	3.50%
2030 and Later	4.50%	4.50%	5.00%	3.50%

(1) Medicare Part B Premium reflects actual calendar year premium for the first 6 months of FY20 (July 2020 to December 2020) and 5% trend for the remaining 6 months.

#### *Health Care Cost Trend Rate (HCCTR)*

The pre-Medicare and Medicare plan trends were developed for FY2020 using health trend information from various sources, including City premium trend experience for HIP HMO and GHI/EBCBS, public sector benchmark survey for other large plan sponsors, the Medicare Trustees' Report, and the Society of Actuaries Getzen model.

In recent years Medicare Part B premium increases have averaged between 5% and 6%, ignoring the impact of the hold harmless provision. These increases can be attributable to factors such as the increasing prices of health care services, high cost of new technologies, and increasing utilization. While the Medicare trustees project the Part B premium to increase 6% for 2021, beyond that point they expect the increases to average 5.4% out to 2029. These increases do not account for the hold harmless provision which may mitigate them somewhat.

Historical negotiated increase rates for the larger Welfare Funds have averaged around 3% in recent years, which is lower than the anticipated trend on the underlying costs of benefits provided by these funds. However, the Authority periodically makes one-time lump sum contributions to the Welfare Funds. For these reasons the Welfare Fund contribution trend was assumed to be 3.5%.

## 12. EMPLOYEE BENEFITS

### Other Postemployment Benefits (continued)

*Participation Rates* Based on recent experience.

Actual elections are used for current retirees. Some current retirees not eligible for Medicare are assumed to change elections upon attaining age 65 based on patterns of elections of Medicare-eligible retirees.

For current retirees who appear to be eligible for health coverage but have not made an election (non-filers), the valuation reflects single GHI/EBCBS coverage and Part B premium benefits only, to approximate the obligation if these individuals were to file for coverage. For future retirees, the portion assumed to file for future benefits, and therefore valued similarly, are as follows:

	<u>2020</u>	<u>2019</u>
NYCERS (NYCHA)	13%	13%
BERS	12%	12%

This non-filer group also includes some participants who do not qualify for coverage because they were working less than 20 hours a week at termination.

*Participation Rates*

Detailed assumptions for future Program retirees are presented below:

<u>Plan Participation Assumptions - 2020 and 2019</u>		
<u>Benefits:</u>	<u>NYCERS-NYCHA</u>	<u>BERS</u>
<u>Pre-Medicare</u>		
GHI/EBCBS	65%	70%
HIP HMO	26%	16%
Other HMO	4%	2%
Waiver	5%	12%
<u>Medicare</u>		
GHI	72%	78%
HIP HMO	20%	16%
Other HMO	4%	2%
Waiver	4%	4%
<u>Post-Medicare Migration</u>		
Other HMO to GHI	0%	0%
HIP HMO to GHI	23%	0%
Pre-Med. Waiver		
** to GHI @ 65	10%	67%
** to HIP @ 65	10%	0%

*Demographic Assumptions* The actuarial assumptions used in the 2020 and the 2019 OPEB valuations are a combination of those used in the NYCERS pension actuarial valuations and those specific to the OPEB valuations.



## 12. EMPLOYEE BENEFITS

### Other Postemployment Benefits (continued)

*Cadillac Tax* The high cost plan excise tax (“Cadillac Tax”) was repealed effective December 20, 2019. This repeal has been reflected in the December 31, 2019 and December 2020 liabilities.

*AOP (Actives Off Payroll) Liabilities* The actuarial assumptions used in the FY 2019 and the FY 2018 OPEB valuations assumed 40% of the measured liability of the AOP population, which is roughly equivalent to assuming 60% of the AOP members will terminate membership prior to vesting and not receive OPEB.

## 13. OPERATING REVENUES

Operating revenues include tenant revenue, net and other income and are comprised of the following for the years ended December 31, 2020 and 2019 are (\$ in thousands):

<b>DESCRIPTION</b>	<b>2020</b>	<b>2019</b>
Tenant revenue, net:		
Rental revenue, net	\$ 942,680	\$ 1,033,084
Other	<u>24,776</u>	<u>25,404</u>
Total tenant revenue, net	<u>967,456</u>	<u>1,058,488</u>
Other income:		
Developer fees	27,274	35,121
Insurance and benefits reimbursements	19,953	15,385
Commercial and community center revenue	11,576	13,266
Sub-let income	1,605	3,737
Energy rebates	1,001	2,214
Section 8 income	679	948
Other	<u>7,602</u>	<u>5,091</u>
Total other income	<u>69,690</u>	<u>75,762</u>
Total operating revenues	<u>\$ 1,037,146</u>	<u>\$ 1,134,250</u>

#### 14. SUBSIDIES AND GRANTS

Subsidies include operating subsidies to fund all the Authority’s programs, as well as to fund interest on outstanding debt. Subsidies to fund operations are received periodically and recorded when due. Grants are awarded by the federal, state or city governments to provide funding for administration and program operations. Subsidies and grants for the years ended December 31, 2020 and 2019 are as follows (\$ in thousands):

<u>DESCRIPTION</u>	<u>2020</u>	<u>2019</u>
Section 8 Housing Assistance Programs	\$ 1,262,115	\$ 1,185,074
Public Housing Subsidy	973,705	1,001,065
Public Housing CARES Act funding	120,084	-
Section 8 CARES Act funding	10,037	-
City of New York Subsidies	152,702	187,925
Federal Capital Funds used for operating purposes	189,176	126,669
FEMA	14,128	15,898
Other	755	1,263
Total subsidies and grants	<u>\$ 2,722,702</u>	<u>\$ 2,517,894</u>

The Authority participates in a number of programs, funding for which is provided by Federal, State and City agencies. These grant programs are subject to financial and compliance audits by the grantors or their representatives.

#### 15. REAL ESTATE TRANSACTIONS

The Authority has been actively forming public-private partnerships to reinvest in and rehabilitate NYCHA’s developments. Among the largest programs is the Permanent Affordability Commitment Together (PACT) initiative, which centers on the conversion of apartments from public housing funding to Section 8 project- based vouchers. Such conversion will allow NYCHA and its development partners to finance necessary building repairs and operational improvements while preserving long term affordability, maintaining strong resident rights and stabilizing developments by placing them on a more solid financial footing. Significant transactions are disclosed below.

##### Brooklyn Bundle

On February 12, 2020, the Authority entered into two related real estate transactions (“Brooklyn” and “Williamsburg”) termed the Brooklyn Bundle (“PACT”) structured as 99-year leases. Actual payments received on the transactions includes, but is not limited to the following:

	<u>Brooklyn</u>	<u>Williamsburg</u>	<u>Total</u>
Initial rent payment incl. debt repayment	\$ 10,795,471	\$ 53,780,987	\$64,576,458
Initial land lease payment	24,701	63,518	88,219
Developer fees	8,295,511	11,451,639	19,747,150

Expected consideration in future years includes capitalized lease payments payable from 50% of net cash flow due annually over the respective lease terms beginning May 2021 in addition to annual land lease payments calculated in accordance with the respective lease agreements beginning January 2021.

## 15. REAL ESTATE TRANSACTIONS

### Brooklyn Bundle (continued)

As per the Authority's policy, developer fees will be amortized over the projected rehabilitation periods of the properties which is through December 2021 and February 2022 for Brooklyn and Williamsburg respectively. Initial rent/lease payments and other cash received will be recognized using the operating lease method, based on the shorter of the lease term, the Purchase Option or Right of First Refusal exercise date, the Note term or the tax compliance period where applicable. As result, such initial lease payments and other cash received will be recognized over 40 years based on the Purchase Option period.

Capitalized lease payments for future years will be accrued beginning in 2021 based on estimated cash flows. An allowance for uncollectable accounts will be established if collectability appears uncertain at time of accrual.

Unearned revenue for developer fees relating to Brooklyn Bundle amounted to \$11,204,942 as of December 31, 2020. Unearned revenue related to initial rent and lease payments amounted to \$62,464,519 as of December 31, 2020.

### Manhattan Bundle

On November 30, 2020, the Authority entered into a real estate transaction termed the Manhattan PACT structured as a 99-year lease. Actual and expected consideration for the Lease includes, but are not limited to, the following:

- 1) Initial rent payment of \$58,824,377 paid at closing
- 2) Purchase Money Note ("Note") with principal amount of \$20,450,000, bearing 3.00% interest per annum and maturing on the later of: (a) the fortieth anniversary of the closing date and (b) six months after the maturity of other notes on the transaction. The Note is payable by the developer from available cash flow on the transaction and is secured by a subordinated leasehold mortgage

Initial lease payments and other cash received will be recognized using the operating lease method over the shorter of the lease term, the Purchase Option or Right of First Refusal exercise date, the Note term or the tax compliance period where applicable. Such payments will be recognized over a 30 year period based on the Authority's Right of First Refusal.

The unearned portion of the Note will be recognized over a 40-year period based upon the maturity date of the Note. No allowance for uncollectable accounts was established in relation to the Note, since the estimated total current collateral of the underlying property significantly exceeds all the Project's indebtedness.

Total unearned revenue for the Manhattan Bundle amounted to \$77,452,987 as of December 31, 2020. In addition, New York City Housing Development Corp ("HDC") has extended 40 separate loans to third parties to support the development efforts on this transaction, with an initial aggregate principal value of \$70,000,000. The loans are secured by a senior mortgage on the properties. NYCHA has entered into a participation agreement with HDC to purchase a \$30,000,000 interest in the SUN loans. The Sun Loans have a 40-year term with amortizing payments. NYCHA will earn interest at 3.98% per annum, less a 0.20% servicing fee.

Currently, the repayment of the Authority's participation amount is deemed collectible, and the value of the collateral far exceeds the \$70,000,000 face value of the Sun Loan. Therefore, no allowance for uncollectable accounts was established.

## 15. REAL ESTATE TRANSACTIONS (continued)

### Hope Gardens/Bushwick

On July 18, 2019, the Authority entered into two related real estate transactions for the Hope Gardens and Bushwick properties structured as 99-year Lease Agreements. An upfront lease payment of \$8,000,000 was paid on the Hope Gardens transaction at closing, which NYCHA subsequently loaned to the Bushwick related entity. NYCHA was issued two Lessor Notes totaling \$60,312,455 for the remaining lease payments. The Notes have a 33-year term and accrue interest at 3.5% per annum. Repayment of the note is made from net available cash flow. In addition, \$1,450,000 of acquisition proceeds were received and recognized as revenue at closing and used as repayment of existing debt. NYCHA is entitled to 30% of the developer fees.

Cash received as repayment of the Notes under this transaction will be recognized using the operating lease method over the shorter of the lease term, the Purchase Option or Right of First Refusal exercise date, the Note term or the tax compliance period where applicable. As a result, such Notes repayment will be recognized over the fifteen-year tax compliance period. Any developer fees will be recorded when earned, if collected, or if collection is reasonably probable. This transaction did not have any unearned revenue as of December 31, 2020 and 2019 respectively.

### Ocean Bay – Bayside Transaction

On December 29, 2016, the Authority entered into two 99-year lease agreements for the development and community center (Parcel A) and for the purpose of making improvements to the land (Parcel B). The purchase price for Parcel A's leasehold interest was \$109,232,661. The Authority received an upfront payment of \$42,772,661 at the closing and the remaining \$66,460,000 was financed through a Sellers Note ("Note") which has an interest rate of 7.50%. The Seller's note is secured by a Purchase Money Mortgage, for the land and building improvements and is payable from cash flow as defined in transaction agreements.

Payments received relating to the Sellers Note will be recognized using the operating lease method over the shorter of the lease term, the Purchase Option or Right of First Refusal exercise date, the Note term or the tax compliance period where applicable. The transaction agreements contain put options that can require the Authority to repurchase the property after the expiration of the fifteen-year low income tax credit compliance period. Due to this continuing involvement, the Authority will recognize the cash received on the Seller Note as revenue over the fifteen-year tax compliance period, in accordance with GASB Statement No. 62. Cash received for developer fees will be accrued and recognized as revenue when collection is probable.

NYCHA has also expended funds for capital improvements for Parcels A and B, largely in prior years, from funds received from FEMA. The expenditures related to Parcel A of \$105,424,687 were recorded as a Note Receivable and the expenditures related to Parcel B of \$89,664,039 were considered a capital contribution and recorded as construction in progress at December 31, 2018. The FEMA related Notes Receivables has an interest rate of 7.50% and accrued interest was fully reserved for in prior years. The principal value of the Notes Receivable and the construction in progress were recorded at full face value in prior years.

## 15. REAL ESTATE TRANSACTIONS

### *Ocean Bay – Bayside Transaction (continued)*

As part of its 2019 financial statement review, NYCHA engaged a third-party appraisal firm to support a valuation of its Notes Receivable for Parcel A and recorded valuation adjustments to the Notes as of December 31, 2019. As a result of these changes in estimates, the FEMA related note value was reduced by \$79,834,836 at December 31, 2019 with an offsetting expense recorded within (Loss) Gain on Real Estate transactions and the Sellers Note net value was increased by \$16,188,700 with a corresponding increase to unearned revenue to be recognized over the fifteen-year tax compliance period.

In 2019, NYCHA determined that the \$89,664,039 construction in progress relating to Parcel B had no value and as a result the asset was impaired with an offsetting expense recorded within (Loss) Gain on Real Estate transactions.

In addition, during 2020, \$24,737,865 of developer fees were received, which was recognized as revenue in 2019 based on underlying accounting policy.

Total unearned revenue relating to Ocean Bay – Bayside was \$42,727,574 and \$46,967,000 as of December 31, 2020 and 2019, respectively.

### *Triborough/Section 8 transaction*

On December 23, 2014, the Authority completed a transaction, referred to as “Section 8 Recap”, in which six project-based Section 8 developments, were sold to a newly formed limited liability company, Triborough Preservation LLC (“Triborough”), in which NYCHA retains a 0.005% membership interest. This Section 8 Recap transaction is intended to result in the rehabilitation of these developments by the new owner.

The total amount of the transaction was \$300,000,000 of which Triborough has paid \$254,000,000 to date. The remaining portion of \$46,000,000 is secured by a Purchase Money Note (the “Note”) bearing simple interest at 6% per annum. There is no required annual payment of principal and interest, except to the extent of cash flow, however, the entire principal plus unpaid interest is immediately due and payable on the maturity date of December 2044.

The transaction agreements contain put options that can require the Authority to repurchase the property after the expiration of the fifteen-year low income tax credit compliance period. Due to this continuing involvement, the Authority will recognize the cash received as revenue over the fifteen-year compliance period, in accordance with GASB Statement No. 62. During both 2020 and 2019 the Authority recognized \$16,946,000 as revenue from this transaction. Total unearned revenue relating to Triborough was \$152,144,000 and \$169,090,000 as of December 31, 2020 and 2019, respectively.

## 16. RELATED PARTY TRANSACTIONS

### Mixed-Finance Transactions

On March 16, 2010, the Authority closed two mixed-finance transactions in which 21 NYCHA developments, comprising 20,139 housing units, were sold to two newly-created, limited liability companies. Thirteen developments, containing 14,465 dwelling units, were sold to NYCHA Public Housing Preservation I, LLC, in which NYCHA I Housing Development Fund Corporation, a component unit of NYCHA, is the sole managing member and has a 0.01% membership interest in LLC I. LLC I is a Low Income Housing Tax Credit LLC. Eight developments, containing 5,674 dwelling units, were sold to NYCHA Public Housing Preservation II, in which NYCHA II Housing Development Fund Corporation, a component unit of NYCHA, is the sole managing member and has a 100% membership interest in LLC II as of December 31, 2020 and 2019 respectively.

The LLCs were created in connection with the mixed-finance transactions and are considered blended component units for financial reporting purposes. The Authority served as developer and continues to be the property manager for both LLCs.

The total acquisition price for the developments sold to LLC I was \$590,250,000. The total acquisition price for the developments sold to LLC II was \$3,000,000. The two mixed-finance transactions were structured and closed in a manner which allowed the Authority to utilize financing opportunities available under the provisions of the American Recovery and Reinvestment Act of 2009 (“ARRA”) in order to qualify for certain federal funding. The Authority provided additional loans to the LLC’s in terms of a Sellers Note and various series of Loans to enable them to carry out rehabilitation work at the developments and to provide a source of funding to redeem the Bridge Bonds which were issued at closing. The aggregate value of the NYCHA loans are reflected as Notes Payable within the Condensed Combining Statement of Net Position (see Note 18). In addition, permanent loans due from LLC I and LLC II to HDC are reflected as Long Term Debt within Note 10.

At the time of the closing, NYCHA qualified to receive an annual allocation of HUD federal operating and capital funding for a portion of the dwelling units. Additional HUD federal operating subsidies for 2020 and 2019 were \$69,610,000 and \$71,091,000, respectively.

In September 2013, NYCHA converted the remaining construction-period financing for both LLC I and LLC II from construction loans to permanent loans due to HDC.

**Responsibilities and Obligations** – NYCHA has certain responsibilities and obligations under separate agreements with the LLCs including (i) continuing to manage the operations of the developments; (ii) served as developer for the rehabilitation work at the developments; (iii) providing operating and capital subsidies to the LLCs; and (iv) providing operating deficit and completion guarantees. The operating deficit guarantee will terminate if specified operating income conditions are met.

NYCHA has retained the right to reacquire the developments of LLC I in the future. The right of first refusal terminates fifteen (15) years after the first day following the expiration of the final year of the tax credit period with respect to each development.

## 16. RELATED PARTY TRANSACTIONS

### Mixed-Finance Transactions (continued)

The Authority terminated the ground leases with LLC II relating to four developments during 2020 and two developments in 2018. As a result, the ownership of the properties and the permanent loans with HDC were transferred to the Authority while the outstanding NYCHA loans were cancelled. As of December 31, 2020, only two of the original eight developments remain at LLC II.

### The City of New York

As described in Note 1A, the Authority is a component unit of The City of New York. As of December 31, 2020, and 2019, the Authority had receivables due from The City in the amount of \$236,970,000 and \$178,918,000, respectively which includes \$42,000,000 of subsidies receivable for both years (see Note 3). During 2020 and 2019, The City provided operating subsidies and grants to the Authority of \$152,702,000 and \$187,925,000, respectively. In addition, during 2020 and 2019, The City provided \$104,066,000 and \$156,851,000, respectively, in capital contributions to NYCHA to fund modernization costs.

The City also provides certain services to the Authority. The total cost for these services, most of which is for the cost of water, was \$181,102,000 and \$183,234,000, respectively, for 2020 and 2019. At December 31, 2020 and 2019, the Authority had amounts due to The City for services of \$313,961 and \$2,060,000, respectively. Pursuant to a Cooperation Agreement dated July 1, 2015, The City has waived acceptance of payments in lieu of taxes from the Authority beginning January 1, 2015 through June 30, 2025.

## 17. COMMITMENTS AND CONTINGENCIES

**Lease Commitments** - The Authority rents office space under operating leases, which expire at various dates. Future minimum lease commitments under these leases as of December 31, 2020 are (\$ in thousands):

	<u>Year</u>	<u>Amount</u>
	2021	\$ 42,533
	2022	42,992
	2023	43,463
	2024	44,529
	2025	47,068
	2026-2030	231,942
	2031-2035	233,205
	2036-2040	252,580
	2041-2045	227,927
	2046-2050	161,025
Total lease commitments		<u>\$ 1,327,264</u>

Rental expense, which includes certain related operating costs, was \$50,728,000 and \$42,958,000 for the years ended December 31, 2020 and 2019, respectively.

**Pending Litigation** - The Authority is a defendant in a number of lawsuits arising from claims for personal injury, property damage, breach of contract, civil rights and personnel matters. Management believes that the ultimate resolution of these matters will not have a material adverse impact on the financial position of the Authority.

**Obligations under Purchase Commitments** – The Authority is involved in modernization and other contracted programs. At December 31, 2020, outstanding obligations under purchase commitments were approximately \$2,158,895,000 compared to \$2,447,533,000 at December 31, 2019.



## 18. CONDENSED COMBINING INFORMATION

The following are Condensed Combining Statements of Net Position as of December 31, 2020 and 2019, Condensed Combining Statements of Revenues, Expenses and Changes in Net Position for the Years Ended December 31, 2020 and 2019, and Condensed Combining Statements of Cash Flows for the Years Ended December 31, 2020 and 2019, for the Authority and its component units, the LLCs.

**New York City Housing Authority**  
**Condensed Combining Statement of Net Position**  
**December 31, 2020**  
**(\$ in Thousands)**

	NYCHA	LLC I	LLC II	Eliminations	Total
<b><u>ASSETS</u></b>					
Current assets	\$ 1,437,598	\$ 92,155	\$ 13,174	\$ (1,354)	\$ 1,541,573
Capital assets, net	7,801,084	371,464	52,767	(34,184)	8,191,131
Restricted assets	782,668	-	-	-	782,668
Notes receivable	943,163	-	-	(781,150)	162,013
Other assets	551,172	-	-	-	551,172
<b>TOTAL ASSETS</b>	<b><u>11,515,685</u></b>	<b><u>463,619</u></b>	<b><u>65,941</u></b>	<b><u>(816,688)</u></b>	<b><u>11,228,557</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>1,008,189</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,008,189</u></b>
<b><u>LIABILITIES</u></b>					
Current liabilities	1,511,824	30,262	6,968	(1,354)	1,547,700
Long-term debt	694,470	20,722	11,579	-	726,771
Notes payable	-	767,025	14,125	(781,150)	-
Pension liability	913,451	-	-	-	913,451
OPEB liability	3,472,534	-	-	-	3,472,534
Pollution remediation obligations - LT	2,059,133	205,208	54,171	-	2,318,512
Other liabilities	1,056,992	-	-	-	1,056,992
<b>TOTAL LIABILITIES</b>	<b><u>9,708,404</u></b>	<b><u>1,023,217</u></b>	<b><u>86,843</u></b>	<b><u>(782,504)</u></b>	<b><u>10,035,960</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b><u>448,243</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>448,243</u></b>
Net investment in capital assets	7,324,941	(213,528)	29,766	362,983	7,504,162
Unrestricted deficit	(4,957,714)	(346,070)	(50,668)	(397,167)	(5,751,619)
<b>TOTAL NET POSITION</b>	<b><u>\$ 2,367,227</u></b>	<b><u>\$ (559,598)</u></b>	<b><u>\$ (20,902)</u></b>	<b><u>\$ (34,184)</u></b>	<b><u>\$ 1,752,543</u></b>

## 18. CONDENSED COMBINING INFORMATION (continued)

**New York City Housing Authority**  
**Condensed Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended December 31, 2020**  
(\$ in Thousands)

	NYCHA	LLC I	LLC II	Eliminations	Total
Operating Revenues	\$ 932,822	\$ 81,998	\$ 22,326	\$ -	\$ 1,037,146
Operating Expenses	4,135,920	206,380	56,807	(96,340)	4,302,767
<b>Operating Loss</b>	<b>(3,203,098)</b>	<b>(124,382)</b>	<b>(34,481)</b>	<b>96,340</b>	<b>(3,265,621)</b>
Non-Operating Revenues (expenses), net	2,745,758	94,545	6,519	(86,514)	2,760,308
<b>Loss Before Special Item and</b>					
<b>Capital Contributions</b>	(457,340)	(29,837)	(27,962)	9,826	(505,313)
Special Item (a)	(154,511)	(11,071)	(35,299)	-	(200,881)
<b>Income(Loss) Before Capital Contributions</b>	<b>(302,829)</b>	<b>(18,766)</b>	<b>7,337</b>	<b>9,826</b>	<b>(304,432)</b>
Capital Contributions	944,744	9,953	2,986	(7,701)	949,982
<b>Change in Net Position</b>	<b>641,915</b>	<b>(8,813)</b>	<b>10,323</b>	<b>2,125</b>	<b>645,550</b>
Net Position - Beginning	1,725,312	(550,785)	(31,225)	(36,309)	1,106,993
<b>Net Position - Ending</b>	<b>\$ 2,367,227</b>	<b>\$ (559,598)</b>	<b>\$ (20,902)</b>	<b>\$ (34,184)</b>	<b>\$ 1,752,543</b>

(a) Pollution remediation costs - lead based paint

**New York City Housing Authority**  
**Condensed Combining Statement of Cash Flows**  
**For the Year Ended December 31, 2020**  
(\$ in Thousands)

	NYCHA	LLC I	LLC II	Eliminations	Total
Net cash provided (used) by					
Operating activities	\$ (2,667,772)	\$ (103,019)	\$ (33,859)	\$ 96,340	\$ (2,708,310)
Non-capital financing activities	2,600,684	109,480	27,773	(86,514)	2,651,423
Capital and related financing activities	58,078	(5,894)	1,348	(9,826)	43,706
Investing activities	18,901	228	(10)	-	19,119
<b>Net increase (decrease)</b>	<b>9,891</b>	<b>795</b>	<b>(4,748)</b>	<b>-</b>	<b>5,938</b>
Beginning cash and cash equivalents	1,085,784	82,311	15,624	-	1,183,719
Ending cash and cash equivalents	<b>\$ 1,095,675</b>	<b>\$ 83,106</b>	<b>\$ 10,876</b>	<b>\$ -</b>	<b>\$ 1,189,657</b>

18. CONDENSED COMBINING INFORMATION (continued)

**New York City Housing Authority**  
**Condensed Combining Statement of Net Position**  
**December 31, 2019**  
**(\$ in Thousands)**

	NYCHA	LLC I	LLC II	Eliminations	Total
<b><u>ASSETS</u></b>					
Current assets	\$ 1,513,917	\$ 92,054	\$ 19,362	\$ (8,390)	\$ 1,616,943
Capital assets, net	7,069,353	383,933	103,707	(36,309)	7,520,684
Restricted assets	663,924	724	870	-	665,518
Notes receivable	894,929	-	-	(783,265)	111,664
Other assets	523,924	-	-	-	523,924
<b>TOTAL ASSETS</b>	<b><u>10,666,047</u></b>	<b><u>476,711</u></b>	<b><u>123,939</u></b>	<b><u>(827,964)</u></b>	<b><u>10,438,733</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>560,184</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>560,184</u></b>
<b><u>LIABILITIES</u></b>					
Current liabilities	1,356,112	29,160	16,098	(8,390)	1,392,980
Long-term debt	717,125	21,154	21,349	-	759,628
Notes payable	-	753,505	29,760	(783,265)	-
Pension liability	822,109	-	-	-	822,109
OPEB liability	2,816,376	-	-	-	2,816,376
Pollution remediation obligations - LT	2,310,779	223,677	87,957	-	2,622,413
Other liabilities	857,132	-	-	-	857,132
<b>TOTAL LIABILITIES</b>	<b><u>8,879,633</u></b>	<b><u>1,027,496</u></b>	<b><u>155,164</u></b>	<b><u>(791,655)</u></b>	<b><u>9,270,638</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b><u>621,286</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>621,286</u></b>
Net investment in capital assets	6,677,686	(201,464)	58,119	362,983	6,897,324
Unrestricted deficit	(4,952,374)	(349,321)	(89,344)	(399,292)	(5,790,331)
<b>TOTAL NET POSITION</b>	<b><u>\$ 1,725,312</u></b>	<b><u>\$ (550,785)</u></b>	<b><u>\$ (31,225)</u></b>	<b><u>\$ (36,309)</u></b>	<b><u>\$ 1,106,993</u></b>

## 18. CONDENSED COMBINING INFORMATION (continued)

**New York City Housing Authority**  
**Condensed Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended December 31, 2019**  
(\$ in Thousands)

	NYCHA	LLC I	LLC II	Eliminations	Total
Operating Revenues	\$ 1,017,130	\$ 87,602	\$ 29,518	\$ -	\$ 1,134,250
Operating Expenses	3,804,882	203,663	66,810	(103,589)	3,971,766
<b>Operating Loss</b>	<b>(2,787,752)</b>	<b>(116,061)</b>	<b>(37,292)</b>	<b>103,589</b>	<b>(2,837,516)</b>
Non-Operating Revenues, net	2,351,344	95,532	35,988	(96,747)	2,386,117
<b>Loss Before Special Item and</b>					
<b>Capital Contributions</b>	(436,408)	(20,529)	(1,304)	6,842	(451,399)
Special Item (a)	2,413,608	242,374	95,309	-	2,751,291
<b>Loss Before Capital Contributions</b>	<b>(2,850,016)</b>	<b>(262,903)</b>	<b>(96,613)</b>	<b>6,842</b>	<b>(3,202,690)</b>
Capital Contributions	864,063	18,445	1,109	(4,716)	878,901
<b>Change in Net Position</b>	<b>(1,985,953)</b>	<b>(244,458)</b>	<b>(95,504)</b>	<b>2,126</b>	<b>(2,323,789)</b>
Net Position - Beginning	3,711,265	(306,327)	64,279	(38,435)	3,430,782
<b>Net Position - Ending</b>	<b>\$ 1,725,312</b>	<b>\$ (550,785)</b>	<b>\$ (31,225)</b>	<b>\$ (36,309)</b>	<b>\$ 1,106,993</b>

(a) Pollution remediation costs - lead based paint

**New York City Housing Authority**  
**Condensed Combining Statement of Cash Flows**  
**For the Year Ended December 31, 2019**  
(\$ in Thousands)

	NYCHA	LLC I	LLC II	Eliminations	Total
Net cash provided (used) by					
Operating activities	\$ (2,365,818)	\$ (101,329)	\$ (27,928)	\$ 103,589	\$ (2,391,486)
Non-capital financing activities	2,568,709	108,839	36,878	(96,747)	2,617,679
Capital and related financing activities	(310,293)	(17,361)	(3,535)	(6,842)	(338,031)
Investing activities	55,809	1,524	234	-	57,567
<b>Net increase (decrease)</b>	<b>(51,593)</b>	<b>(8,327)</b>	<b>5,649</b>	<b>-</b>	<b>(54,271)</b>
Beginning cash and cash equivalents	1,137,377	90,638	9,975	-	1,237,990
Ending cash and cash equivalents	<b>\$ 1,085,784</b>	<b>\$ 82,311</b>	<b>\$ 15,624</b>	<b>\$ -</b>	<b>\$ 1,183,719</b>

## **19. HUD AGREEMENT**

The Secretary of the U.S. Department of Housing and Urban Development (“HUD”) found NYCHA in “substantial default” of the U.S. Housing Act on January 31, 2019 following a federal lawsuit. HUD found that NYCHA failed to follow laws and regulations concerning lead paint; failed to provide decent, safe and sanitary conditions; and engaged in deceptive practices to hide the condition of NYCHA properties.

NYCHA signed an agreement with HUD, the United States Attorney’s Office for the Southern District of New York (“SDNY”), and The City of New York effective January 31, 2019 (the “Agreement”) to remedy the physical deficiencies at NYCHA properties, ensure the Authority’s compliance with federal law, and reform NYCHA’s management structure. The obligations of this agreement apply to apartment units, common areas, residential buildings, and building sites consisting of public housing owned or operated by NYCHA and receiving funding through Section 9 of the Housing Act. The Agreement appointed a federal Monitor to oversee the Authority’s compliance. The Agreement also requires NYCHA to prepare Action Plans, to be approved by the Monitor, setting forth policies and practices to be adopted and specific actions to be taken by NYCHA to achieve all the requirements of the Agreement for the six pillar areas: lead, mold, heat, elevators, PHAS inspections, and pests. No federal fines were assessed on NYCHA as it relates to this agreement. As part of the agreement, The City of New York committed to provide \$2.2 billion in capital funds over ten years to assist NYCHA in meeting the obligations in the Agreement. NYCHA is not yet in full compliance with the requirements of the Agreement and lead-based paint regulations, but continues to work with the Monitor to improve its compliance.

## **20. COVID-19**

The World Health Organization designated the outbreak of a strain of the novel coronavirus (“COVID-19”) as a public health emergency on January 30, 2020, and as a pandemic on March 11, 2020. On March 7, 2020, Governor Andrew M. Cuomo declared a state of emergency in New York State to assist local governments and individuals in coping with the virus through Executive Order No. 202. On March 20, 2020, President Donald Trump declared that a major disaster existed in New York State and ordered Federal assistance to supplement State, tribal, and local recovery efforts for COVID-19. In addition, by order of Governor Cuomo (“New York State on PAUSE”), as of Sunday, March 22, 2020, all non-essential businesses statewide were required to be closed, among other restrictive social distancing and related measures. As 2020 progresses, some, but not all, of such restrictions were lifted by the State and City of New York. The COVID-19 pandemic has had substantial negative impact on the US and local economy, causing closures and/or slowdown of business activities, dramatic increases in unemployment and significant decrease in interest rates.

NYCHA has committed to taking emergency protective measures to sanitize facilities and provide safety to its residents and employees during these challenging times. Costs within the Public Housing Program incurred during the year ending December 31, 2020 in order to respond to COVID-19 was \$78 million, which included \$45 million of sanitizing costs, \$13 million of incremental staffing relating costs, \$7 million of PPE costs and \$13 million of other costs. Costs incurred within the Section 8 Housing Choice Voucher (HCV) Program during 2020 was \$10 million and an additional \$27 million of expenses are expected in 2021.

## 20. COVID-19 (continued)

Due to mass vaccination efforts beginning in December 2020, a significant reduction in cases, hospitalization and deaths was observed by early second quarter 2021. As a result, additional easing in restrictions in The City and State of New York were implemented. The local economy has reflected further signs of improvement in the second quarter of 2021 and the full opening of the economy is expected to occur at the beginning of the third quarter. The Authority will continue to take emergency protective measures during 2021 to sanitize facilities and provide safety to its residents and employees. Costs of providing such services in 2021 cannot be reliably estimated due to the dynamic nature of the pandemic.

The high unemployment rate and reduction in wages effecting our tenants have negatively impacted rent collections, as well as a moratorium on evictions passed by federal and local governments . Rent collections have decreased by \$88 million in 2020, resulting from economic impact of the pandemic, reduced apartment units in portfolio due to PACT transactions and other factors. NYCHA has increased its allowance for uncollectable accounts by \$84 million in 2020. A continuation of similar rent collection patterns has been observed in early 2021, although certain positive indications were seen in March 2021. Rent collections for the remainder of 2021 will be greatly impacted by the performance of the local economy and any changes in federal and local laws regulating landlord's actions in the event of non-payment of rent.

The Authority has access to funding through the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") and supplemental federal funding from the Federal Emergency Management Agency ("FEMA"). The CARES Act (Public Law 116-36) provides critical supplemental resources and waiver flexibilities for Public Housing Authorities to prevent, prepare for, and respond to COVID 19, including maintenance of normal operations. In May 2020, the Authority was provided a grant of \$150 million of Public Housing operating funds from the U.S. Department of Housing and Urban Development (HUD) of which it drew down \$ 120 million in 2020 and is expected to draw down an additional \$ 30 million in 2021. Under current guidance such funds must be used by December 31,2021 or returned to HUD. In 2020, the Authority was provided a grant from HUD for Section 8 administrative fee supplemental funding, for which it received the full \$37 million and recognized \$10 million as subsidy revenue in 2020. The remainder (\$27 million) is included with Unearned revenue as of December 31, 2030 and is expected to be recognized as revenue during 2021 as expenses are incurred. All CARES Act funds are expected to be spent within the required deadlines.

In general FEMA provides public assistance to cover the costs of emergency protective measures undertaken in response to declared disasters. FEMA provides reimbursement for 75% of eligible costs and the Authority will be required to provide a 25% cost share. Funding received from FEMA in 2020 was \$8 million and the Authority expects to submit additional requests for eligible cost reimbursements in 2021.

Due to the continuing changes resulting from the COVID 19 pandemic, and the uncertainty relating to duration and severity, no assurances can be provided relating to the full financial impact on the Authority.

## **21. SUBSEQUENT EVENTS**

The Authority's management has evaluated subsequent events through June 17, 2021, the date the financial statements were available to be issued and determined that there are no subsequent events requiring adjustment or disclosure in the financial statements.





**REQUIRED  
SUPPLEMENTARY  
INFORMATION  
  
(UNAUDITED)**



## REQUIRED SUPPLEMENTARY INFORMATION

### Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios as of December 31, (\$ in thousands)

(UNAUDITED)

	2020	2019	2018	2017	2016
<b>Total OPEB Liability</b>					
Service Cost	\$ 101,429	\$ 97,836	\$ 116,663	\$ 99,842	\$ 129,183
Interest	93,563	94,828	85,032	86,759	84,197
Differences between Expected and Actual Experience	(20,992)	417,892	48,400	(68,103)	-
Change in Assumptions	578,488	(221,694)	(176,030)	42,001	(186,804)
Contributions - Employer	(80,330)	(94,814)	(61,714)	(68,963)	(74,740)
Implicit Rate Subsidy	(16,000)	(16,000)	(13,000)	(13,000)	(13,000)
Other Changes (a)	-	(23,902)	-	-	-
Net Changes in total OPEB Liability	656,158	254,146	(649)	78,536	(61,164)
Total OPEB Liability - beginning	<u>2,816,376</u>	<u>2,562,230</u>	<u>2,562,879</u>	<u>2,484,343</u>	<u>2,545,507</u>
Total OPEB Liability at the End of the Year	<u>\$3,472,534</u>	<u>\$2,816,376</u>	<u>\$2,562,230</u>	<u>\$2,562,879</u>	<u>\$2,484,343</u>
Covered Payroll	\$ 925,039	\$ 815,689	\$ 767,872	\$ 751,506	\$ 762,086
Total OPEB Liability as a percentage of covered payroll	375.4%	345.3%	333.7%	341.0%	326.0%
Discount Rate used to measure Total OPEB Liability	1.93%	3.26%	3.64%	3.16%	3.71%

( a ) Repeal of Cadillac tax

This schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS  
TO THE NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM (NYCERS)  
(\$ in thousands)**

**(UNAUDITED)**

	<b>For the Years Ended December 31,</b>						
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually Required Contribution	\$164,262	\$163,186	\$164,165	\$165,240	\$174,207	\$159,206	\$155,894
Contributions in relation to the contractually required contribution	<u>\$164,262</u>	<u>\$163,186</u>	<u>\$164,165</u>	<u>\$165,240</u>	<u>\$174,207</u>	<u>\$159,206</u>	<u>\$155,894</u>
Contribution Deficiency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Authority covered payroll	\$925,039	\$815,689	\$767,872	\$751,506	\$762,086	\$789,540	\$757,566
Contributions as percentage of covered payroll	17.76%	20.01%	21.38%	21.99%	22.86%	20.17%	20.58%

This Schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF NYCERS

(\$ in thousands)

(UNAUDITED)

	For the Years Ended June 30,					
	2020	2019	2018	2017	2016	2015
NYCHA's proportion of the net pension liability	4.33%	4.44%	4.89%	4.97%	5.00%	5.07%
NYCHA's proportionate share of the net pension liability	\$913,451	\$822,109	\$894,818	\$1,032,725	\$1,214,112	\$1,026,612
NYCHA's covered payroll (Note A)	\$649,210	\$641,779	\$626,947	\$624,372	\$616,479	\$624,615
NYCHA's proportionate share of the net pension liability as a percentage of its covered-employee payroll	140.70%	128.10%	142.73%	165.40%	196.94%	164.36%
Plan fiduciary net position as a percentage of the total pension liability	76.93%	78.84%	78.80%	74.80%	69.57%	73.13%

Note A: NYCHA's covered payroll represents the total covered payroll of NYCERS multiplied by NYCHA's share of the Net Pension Liability.

This schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.



# **STATISTICAL SECTION**

**(UNAUDITED)**







**Redfern Houses, Queens**



**LaGuardia Houses, Manhattan**



# New York City Housing Authority

## STATISTICAL SECTION (UNAUDITED)

This part of the Annual Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health. The following are the categories of the schedules that are included in this Section:

### **Financial Trends**

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

### **Revenue Capacity**

This schedule contains information to help the reader assess the Authority's most significant revenue source.

### **Debt Capacity**

This schedule presents information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.



# **SCHEDULES OF FINANCIAL TRENDS**



**NEW YORK CITY HOUSING AUTHORITY**  
**COMPARATIVE OPERATING AND NON-OPERATING REVENUES AND EXPENSES**  
(\$ in thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>OPERATING REVENUE:</b>										
Tenant revenue, net	\$ 967,456	\$ 1,058,488	\$ 1,070,022	\$ 1,051,628	\$ 1,041,574	\$ 990,524	\$ 956,815	\$ 919,973	\$ 905,457	\$ 895,864
Other income	69,690	75,762	36,751	56,766	45,744	45,749	48,964	48,917	42,084	42,977
<b>Total operating revenue</b>	<b>\$ 1,037,146</b>	<b>\$ 1,134,250</b>	<b>\$ 1,106,773</b>	<b>\$ 1,108,394</b>	<b>\$ 1,087,318</b>	<b>\$ 1,036,273</b>	<b>\$ 1,005,779</b>	<b>\$ 968,890</b>	<b>\$ 947,541</b>	<b>\$ 938,841</b>
<b>OPERATING EXPENSES:</b>										
Rent for leased dwellings	\$ 1,139,219	\$ 1,061,638	\$ 1,006,991	\$ 987,017	\$ 940,722	\$ 946,968	\$ 966,100	\$ 964,451	\$ 952,269	\$ 944,704
General and administrative	967,123	949,768	890,679	838,400	847,573	810,374	837,617	848,730	837,610	774,525
Maintenance and operations	924,486	875,510	875,431	673,678	707,929	619,594	650,957	565,197	513,273	518,297
Utilities	547,483	541,747	582,405	554,542	534,797	575,017	594,579	590,007	542,933	566,173
Depreciation	401,588	371,713	366,632	370,938	357,611	344,377	367,176	345,481	351,388	342,378
OPEB Expense	257,391	127,536	129,110	136,767	168,061	(97,357)	18,508	161,308	144,030	394,263
Protective services	37,799	24,635	29,833	22,353	24,640	22,904	20,161	71,162	87,094	86,679
Tenant services	27,678	19,219	17,389	18,164	19,307	22,618	25,966	33,133	29,913	29,597
Expenses relating to Superstorm Sandy	-	-	-	-	-	-	-	-	224,104	-
<b>Total operating expenses</b>	<b>\$ 4,302,767</b>	<b>\$ 3,971,766</b>	<b>\$ 3,898,470</b>	<b>\$ 3,601,859</b>	<b>\$ 3,600,640</b>	<b>\$ 3,244,495</b>	<b>\$ 3,481,064</b>	<b>\$ 3,579,469</b>	<b>\$ 3,682,614</b>	<b>\$ 3,656,616</b>
<b>OPERATING LOSS</b>	<b>(3,265,621)</b>	<b>(2,837,516)</b>	<b>(2,791,697)</b>	<b>(2,493,465)</b>	<b>(2,513,322)</b>	<b>(2,208,222)</b>	<b>(2,475,285)</b>	<b>(2,610,579)</b>	<b>(2,735,073)</b>	<b>(2,717,775)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>										
Subsidies and Grants	\$ 2,722,702	\$ 2,517,894	\$ 2,387,205	\$ 2,154,174	\$ 2,124,415	\$ 2,213,763	\$ 2,135,245	\$ 2,010,903	\$ 1,987,986	\$ 2,069,796
Insurance recoveries	-	-	131,972	809	6,701	45,027	45,361	122,319	-	-
Investment income	15,401	36,165	25,811	16,080	25,231	10,249	7,668	4,517	4,406	6,360
(Loss) Gain on real estate transactions	56,960	(146,483)	14,898	22,397	28,730	12,579	384	13,258	1,717	3,163
Interest expense	(35,955)	(34,777)	(32,794)	(30,184)	(29,354)	(30,264)	(30,754)	(26,271)	(25,561)	(27,047)
Change in fair value of investments	1,200	13,318	(3,304)	(745)	(3,131)	(3,700)	(553)	(167)	(2)	60
<b>Total non-operating revenues, net</b>	<b>\$ 2,760,308</b>	<b>\$ 2,386,117</b>	<b>\$ 2,523,788</b>	<b>\$ 2,162,531</b>	<b>\$ 2,152,592</b>	<b>\$ 2,247,654</b>	<b>\$ 2,157,351</b>	<b>\$ 2,124,559</b>	<b>\$ 1,968,746</b>	<b>\$ 2,052,332</b>
<b>SPECIAL ITEM - Pollution Remediation costs - lead based paint (gain) loss</b>	<b>\$ (200,881)</b>	<b>\$ 2,751,291</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>\$ 949,982</b>	<b>\$ 878,901</b>	<b>\$ 820,568</b>	<b>\$ 686,619</b>	<b>\$ 640,887</b>	<b>\$ 433,505</b>	<b>\$ 330,548</b>	<b>\$ 504,226</b>	<b>\$ 336,814</b>	<b>\$ 470,895</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 645,550</b>	<b>\$ (2,323,789)</b>	<b>\$ 552,459</b>	<b>\$ 355,685</b>	<b>\$ 280,157</b>	<b>\$ 472,937</b>	<b>\$ 12,614</b>	<b>\$ 18,206</b>	<b>\$ (429,513)</b>	<b>\$ (194,548)</b>

Source: Annual Financial Statements

**NEW YORK CITY HOUSING AUTHORITY**  
**NET POSITION BY CATEGORY**  
(\$ In thousands)

<u>CATEGORY</u>	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net investment in capital assets	\$ 7,504,162	\$ 6,897,324	\$ 6,450,404	\$ 5,995,349	\$ 5,692,787	\$ 5,407,064	\$ 5,308,896	\$ 5,371,385	\$ 5,336,914	\$ 5,349,279
Restricted	-	-	-	-	-	-	-	-	16,340	51,740
Unrestricted (Deficit)	(5,751,619)	(5,790,331)	(3,019,622)	(3,117,026)	(3,117,424)	(3,255,974)	(3,630,743)	(3,705,846)	(2,525,793)	(2,144,045)
<b>TOTAL NET POSITION</b>	<b>\$ 1,752,543</b>	<b>\$ 1,106,993</b>	<b>\$ 3,430,782</b>	<b>\$ 2,878,323</b>	<b>\$ 2,575,363</b>	<b>\$ 2,151,090</b>	<b>\$ 1,678,153</b>	<b>\$ 1,665,539</b>	<b>\$ 2,827,461</b>	<b>\$ 3,256,974</b>

SOURCE: Annual Financial Statements



**NEW YORK CITY HOUSING AUTHORITY**  
**CAPITAL ASSETS BY CATEGORY**  
(\$ in thousands)

CATEGORY	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Land	\$ 687,961	\$ 687,958	\$ 687,507	\$ 689,847	\$ 689,847	\$ 689,847	\$ 689,847	\$ 689,847	\$ 689,847	\$ 689,847
Buildings	3,144,927	3,144,991	3,146,646	3,173,419	3,178,668	3,181,654	3,181,655	3,196,901	3,201,594	3,201,356
Building improvements	12,787,740	11,803,789	11,035,969	10,288,303	9,694,139	9,056,789	8,436,033	8,127,997	7,876,321	7,653,405
Facilities and other improvements	550,785	534,203	515,617	501,133	494,724	488,892	479,726	475,253	463,823	458,894
Furniture and equipment	1,040,833	1,008,675	965,607	936,064	893,387	861,623	834,716	795,199	759,766	804,901
Leasehold improvements	134,135	116,638	114,081	113,153	113,153	113,153	113,153	113,069	112,992	113,002
<b>Total Capital Assets</b>	<b>\$ 18,346,381</b>	<b>\$ 17,296,254</b>	<b>\$ 16,465,427</b>	<b>\$ 15,701,919</b>	<b>\$ 15,063,918</b>	<b>\$ 14,391,958</b>	<b>\$ 13,735,130</b>	<b>\$ 13,398,266</b>	<b>\$ 13,104,343</b>	<b>\$ 12,921,405</b>
<b>Less Accumulated Depreciation:</b>										
Buildings	\$ 2,968,139	\$ 2,946,966	\$ 2,926,183	\$ 2,930,106	\$ 2,911,809	\$ 2,890,698	\$ 2,865,379	\$ 2,852,796	\$ 2,825,036	\$ 2,790,789
Building improvements	5,787,175	5,478,199	5,184,028	4,914,618	4,625,164	4,367,515	4,104,980	3,835,281	3,589,624	3,351,413
Facilities and other improvements	471,189	462,861	455,043	448,081	441,235	434,416	426,647	417,144	405,541	391,506
Furniture and equipment	822,549	782,753	756,904	728,275	703,388	673,779	630,443	590,810	547,179	558,611
Leasehold improvements	106,198	104,791	102,487	99,094	95,748	92,299	87,692	81,538	74,682	67,734
<b>Total Accumulated Depreciation</b>	<b>10,155,250</b>	<b>9,775,570</b>	<b>9,424,645</b>	<b>9,120,174</b>	<b>8,777,344</b>	<b>8,458,707</b>	<b>8,115,141</b>	<b>7,777,569</b>	<b>7,442,062</b>	<b>7,160,053</b>
<b>Net Capital Assets</b>	<b>\$ 8,191,131</b>	<b>\$ 7,520,684</b>	<b>\$ 7,040,782</b>	<b>\$ 6,581,745</b>	<b>\$ 6,286,574</b>	<b>\$ 5,933,251</b>	<b>\$ 5,619,989</b>	<b>\$ 5,620,697</b>	<b>\$ 5,662,281</b>	<b>\$ 5,761,352</b>
<b>Related Debt</b>	686,969	623,360	590,378	586,396	593,787	526,187	311,093	249,312	325,367	412,073
<b>Net Investment in Capital Assets</b>	<b>\$ 7,504,162</b>	<b>\$ 6,897,324</b>	<b>\$ 6,450,404</b>	<b>\$ 5,995,349</b>	<b>\$ 5,692,787</b>	<b>\$ 5,407,064</b>	<b>\$ 5,308,896</b>	<b>\$ 5,371,385</b>	<b>\$ 5,336,914</b>	<b>\$ 5,349,279</b>

Capital assets are not classified as *being depreciated* and *not being depreciated* since construction in progress is not shown as a separate category, but rather classified over the categories to which it belongs.

Source: Annual Financial Statements



**SCHEDULE  
OF REVENUE  
CAPACITY**



**NEW YORK CITY HOUSING AUTHORITY**  
**REVENUES ON A GROSS BASIS**  
(\$ in thousands)

DESCRIPTION	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues (Gross):</b>										
Subsidies and Grants	\$ 2,722,702	\$ 2,517,894	\$ 2,387,205	\$ 2,154,174	\$ 2,124,415	\$ 2,213,763	\$ 2,135,245	\$ 2,010,903	\$ 1,987,986	\$ 2,069,796
Operating Revenues	1,037,146	1,134,250	1,106,773	1,108,394	1,087,318	1,036,273	1,005,779	968,890	947,541	938,841
Insurance recoveries	-	-	131,972	809	6,701	45,027	45,361	122,319	-	-
Investment Income	15,401	36,165	25,811	16,080	25,231	10,249	7,668	4,517	4,406	6,360
Gain on sales of capital assets and real estate transactions	56,960	-	14,898	22,397	28,730	12,579	384	13,258	1,717	3,163
Change in fair value of investments	1,200	13,318	-	-	-	-	-	-	-	60
<b>Total Revenues</b>	<b>\$ 3,833,409</b>	<b>\$ 3,701,627</b>	<b>\$ 3,666,659</b>	<b>\$ 3,301,854</b>	<b>\$ 3,272,395</b>	<b>\$ 3,317,891</b>	<b>\$ 3,194,437</b>	<b>\$ 3,119,887</b>	<b>\$ 2,941,650</b>	<b>\$ 3,018,220</b>

Source: Annual Financial Statements



**SCHEDULE  
OF DEBT  
CAPACITY**





**NEW YORK CITY HOUSING AUTHORITY**  
**LONG TERM DEBT**  
(\$ in thousands, except per capita)

Description of Long Term Debt	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Bonds:</b>										
State Guaranteed Certificates of Indebtedness Outstanding (State Program) three issues remaining bearing interest from 3.5% to 3.75%, per annum maturing annually through July 2024.	\$ 4,178	\$ 5,640	\$ 7,102	\$ 8,564	\$ 10,789	\$ 13,014	\$ 15,927	\$ 18,840	\$ 22,059	\$ 26,385
State Guaranteed Certificates of Indebtedness Outstanding (incorporated into the Federal Housing Program), three issues remaining bearing interest from 3.5% to 4.75% per annum, maturing annually through July 2024.	668	911	1,155	1,399	1,642	1,886	2,218	2,550	3,345	4,177
<b>Loans Funded by:</b>										
HDC Capital Fund Program Revenue Bonds, Series 2005 A (\$281,610,000); Loan Agreement with an interest rate of 3.0% to 5.0% per annum, defeased September 2013.	-	-	-	-	-	-	-	-	213,990	225,410
HDC Capital Fund Program Revenue Bonds, Series 2013 A (\$185,785,000); Loan Agreement with an interest rate of 3.0% to 5.0% per annum, maturing annually through July 2025.	91,465	107,305	122,400	136,815	150,555	163,790	176,630	185,785	-	-
HDC Capital Fund Program Revenue Bonds, Series 2013 B-1 (\$348,130,000); Loan Agreement with an interest rate of 5.0% to 5.25% per annum, maturing annually through July 2033.	238,460	257,725	276,070	293,535	310,160	325,985	341,190	348,130	-	-
HDC Capital Fund Program Revenue Bonds, Series 2013 B-2 (\$122,170,000); Loan Agreement with an interest rate of 5.0% to 5.25% per annum, maturing annually through July 2032.	122,170	122,170	122,170	122,170	122,170	122,170	122,170	122,170	-	-
Loan Payable - 2013 Equipment Lease/Purchase Agreement; with BAPCC for Energy Performance Contract (\$18,045,580) at an interest rate of 1.98% per annum, maturing January 19, 2026.	8,215	9,542	12,420	13,812	15,140	16,408	17,265	17,736	-	-
Loan Payable - 2016 Equipment Lease/Purchase Agreement; (Ameresco A) with BAPCC for Energy Performance Contract (\$51,548,356) at an interest rate of 3.27% per annum, maturing June 28, 2036.	49,962	51,779	53,389	53,247	51,548	-	-	-	-	-
Loan Payable - 2016 Multi-draw term loan facility; with NY Green Bank (\$11,000,000) at rate of 3.5% per annum on the used portion and at 0.50% per annum on the unused portion, paid off on December 18, 2017.	-	-	-	-	94	-	-	-	-	-
Loan Payable - 2017 Equipment Lease/Purchase Agreement; (BQDM); with BAPCC for Energy Performance Contract (\$60,132,977.75) at an interest rate of 3.6178% per annum, maturing December 15, 2037.	62,747	64,603	62,328	60,133	-	-	-	-	-	-
Loan Payable - 2017 Equipment Lease/Purchase Agreement; (SANDY A); with BAPCC for Energy Performance Contract (\$43,000,000) at an interest rate of 3.6178% per annum, maturing December 22, 2037.	45,003	46,197	44,570	43,000	-	-	-	-	-	-
Loan Payable - 2018 Equipment Lease/Purchase Agreement; (Ameresco B); with BAPCC for Energy Performance Contract (\$79,461,775.81) at an interest rate of 4.75% per annum, maturing July 1, 2038.	85,751	82,647	79,462	-	-	-	-	-	-	-

**NEW YORK CITY HOUSING AUTHORITY**  
**LONG TERM DEBT**  
(\$ in thousands, except per capita)

Description of Long Term Debt	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Loans Funded by: (continued)</b>										
Loan Payable - 2020 Equipment Lease/Purchase Agreement; (Amoresco A-2); with BAPCC for Energy Performance Contract (\$23,298,752.13) at an interest rate of 3.404% per annum, maturing June 28, 2038.	23,407	-	-	-	-	-	-	-	-	-
HDC 2009 Series L-1 Bonds (\$23,590,000); Permanent Mortgage Loan at an interest rate of 6.3% per annum, maturing November 2043; secured by mortgage.	21,154	21,559	21,940	22,298	22,634	22,949	23,245	23,523	23,590	23,590
HDC 2009 Series L-2 Bonds (\$68,000,000); Subordinate Loan at interest rate of 2.25% per annum, matured in September 2013; secured by mortgage.	-	-	-	-	-	-	-	-	68,000	68,000
HDC 2010 Series B Bonds (\$150,000,000); Mortgage Loan at interest rate of 2.125% per annum, prepaid in July 2013; secured by mortgage.	-	-	-	-	-	-	-	-	19,825	110,050
HDC 2011 Series A Bonds (\$140,000,000); Mortgage Loan at an interest rate of 3.25% per annum, prepaid in July 2013; secured by mortgage.	-	-	-	-	-	-	-	-	47,955	140,000
HDC 2012 Series A Bonds (\$67,540,000); Mortgage Loan at an interest rate of SIFMA +1.1% per annum, prepaid in July 2013; secured by mortgage.	-	-	-	-	-	-	-	-	16,821	-
HDC 2010 Series A-1 Bonds (\$25,325,000); Permanent Mortgage Loan at an interest rate of 5.1% per annum, maturing November 2041; secured by mortgage.	10,545	19,606	20,086	23,389	23,883	24,352	24,798	25,222	25,325	25,325
HDC 2010 Series A-2 Bonds (\$3,000,000); Permanent Mortgage Loan at an interest rate of 5.1% per annum, maturing May 2041; secured by mortgage.	1,366	2,308	2,365	2,770	2,829	2,885	2,938	2,988	3,000	3,000
<b>Long Term Debt (before Premium)</b>	<b>\$ 765,091</b>	<b>\$ 791,992</b>	<b>\$ 825,457</b>	<b>\$ 781,132</b>	<b>\$ 711,444</b>	<b>\$ 693,439</b>	<b>\$ 726,381</b>	<b>\$ 746,944</b>	<b>\$ 443,910</b>	<b>\$ 625,937</b>
Add Premium on HDC Revenue Bond Loan Agreements	8,873	11,611	14,972	19,035	23,898	29,603	35,974	42,637	6,919	8,075
<b>TOTAL LONG TERM DEBT</b>	<b>\$ 773,964</b>	<b>\$ 803,603</b>	<b>\$ 840,429</b>	<b>\$ 800,167</b>	<b>\$ 735,342</b>	<b>\$ 723,042</b>	<b>\$ 762,355</b>	<b>\$ 789,581</b>	<b>\$ 450,829</b>	<b>\$ 634,012</b>
Less current portion	47,193	43,975	39,130	36,647	35,145	33,637	32,942	20,563	84,020	16,578
<b>LONG TERM DEBT, NET</b>	<b>\$ 726,771</b>	<b>\$ 759,628</b>	<b>\$ 801,299</b>	<b>\$ 763,520</b>	<b>\$ 700,197</b>	<b>\$ 689,405</b>	<b>\$ 729,413</b>	<b>\$ 769,018</b>	<b>\$ 366,809</b>	<b>\$ 617,434</b>
Percentage of Personal Income	19.20%	18.86%	19.68%	18.83%	17.34%	17.49%	18.74%	19.42%	11.13%	15.75%
Per Capita	\$ 2,158	\$ 2,197	\$ 2,205	\$ 2,040	\$ 1,854	\$ 1,805	\$ 1,901	\$ 1,959	\$ 1,117	\$ 1,572

Note A  
See Note 10 on Long Term Debt for more details

Note B  
Percentage of Personal Income and Per Capita calculations are based on total long term debt using demographic information for NYCHA's residents (see NYCHA's Demographic and Economic Statistics-Ten Year Trend).

Source: Annual Financial Statements

**NEW YORK CITY HOUSING AUTHORITY**  
**PLEDGED REVENUE COVERAGE**  
(\$ in thousands)

**Description of Loan Payable: Equipment Purchase/Lease Agreement  
with Bank of America for Energy Performance Contract**

<u>Year</u>	<u>Source of Revenue</u>	<u>Net Available Revenues</u>	<u>Principal and Interest Requirements</u>	<u>Coverage Ratio</u>
2013	HUD Operating Subsidy	\$ 407	\$ 407	1.0
2014	HUD Operating Subsidy	\$ 819	\$ 819	1.0
2015	HUD Operating Subsidy	\$ 1,197	\$ 1,197	1.0
2016	HUD Operating Subsidy	\$ 1,586	\$ 1,586	1.0
2017	HUD Operating Subsidy	\$ 1,622	\$ 1,622	1.0
2018	HUD Operating Subsidy	\$ 3,273	\$ 3,273	1.0
2019	HUD Operating Subsidy	\$ 6,460	\$ 6,460	1.0
2020	HUD Operating Subsidy	\$ 14,963	\$ 14,963	1.0

Notes:

1. Net Available Revenues represent the annual debt service for the current year. The Authority has committed to appropriate HUD Operating revenue in amounts sufficient to cover the scheduled principal and interest requirements of the debt.
2. Details regarding the Authority's outstanding debt can be found in the notes to the financial statements.
3. 2018 and 2019 were updated to reflect the inclusion of 2016 Ameresco A – EPC of \$1,614 thousands and \$3,343 thousands.

**NEW YORK CITY HOUSING AUTHORITY**  
**PLEDGED REVENUE COVERAGE**  
(\$ in thousands)

**Description of Loan Financed by: NYC Housing Development (HDC)**  
**Capital Fund Program Revenue Bonds, Series 2013 A and 2013 B**

<u>Year</u>	<u>Source of Revenue</u>	<u>Net Available Revenues</u>	<u>Principal and Interest Requirements</u>	<u>Coverage Ratio</u>
2014	Capital Fund 2014	\$ 98,746	\$ 41,655	2.4
2015	Capital Fund 2015	\$ 102,119	\$ 59,343	1.7
2016	Capital Fund 2016	\$ 106,244	\$ 59,517	1.8
2017	Capital Fund 2017	\$ 115,442	\$ 59,529	1.9
2018	Capital Fund 2017	\$ 176,082	\$ 59,544	3.0
2019	Capital Fund 2017	\$ 183,917	\$ 59,559	3.1
2020	Capital Fund 2017	\$ 195,004	\$ 59,565	3.3

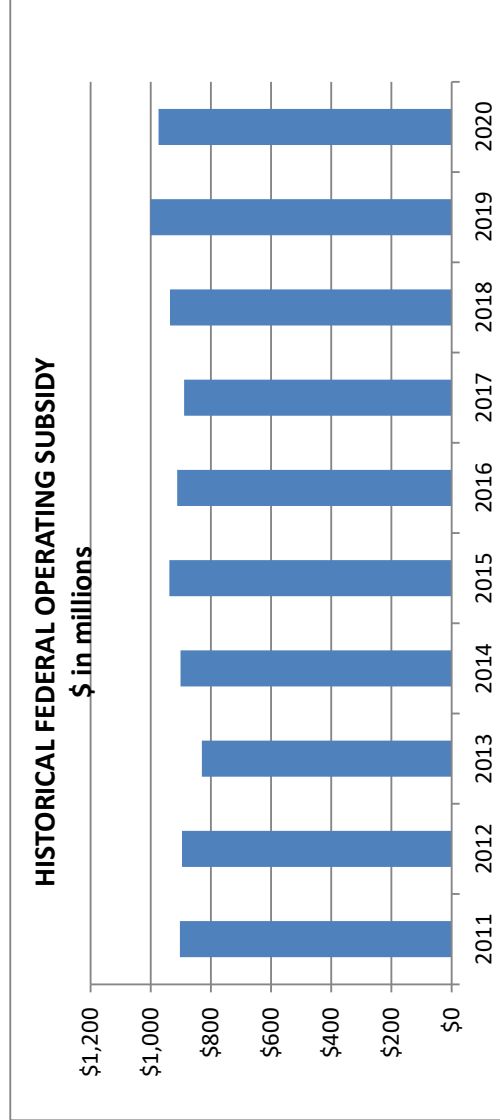
Notes:

1. Net Available Revenues represent 33 1/3 percent of the Capital Fund grant, which is the maximum amount available for principal and interest requirements.
2. Details regarding the Authority's outstanding debt can be found in the notes to the financial statements.
3. The 2013 Series A bond proceeds were used in part to defease the remaining debt on the 2005 A bonds in September of 2013.

**NEW YORK CITY HOUSING AUTHORITY  
HISTORICAL FEDERAL OPERATING SUBSIDY**

(\$ in millions)

<u>Year</u>	<u>Congressional Appropriation</u>	<u>NYCHA Funding</u>
2011	\$ 4,617	\$ 903
2012	\$ 3,962	\$ 896
2013	\$ 4,054	\$ 830
2014	\$ 4,400	\$ 901
2015	\$ 4,440	\$ 938
2016	\$ 4,500	\$ 912
2017	\$ 4,400	\$ 890
2018	\$ 4,550	\$ 937
2019	\$ 4,653	\$ 1,001
2020	\$ 4,549	\$ 974

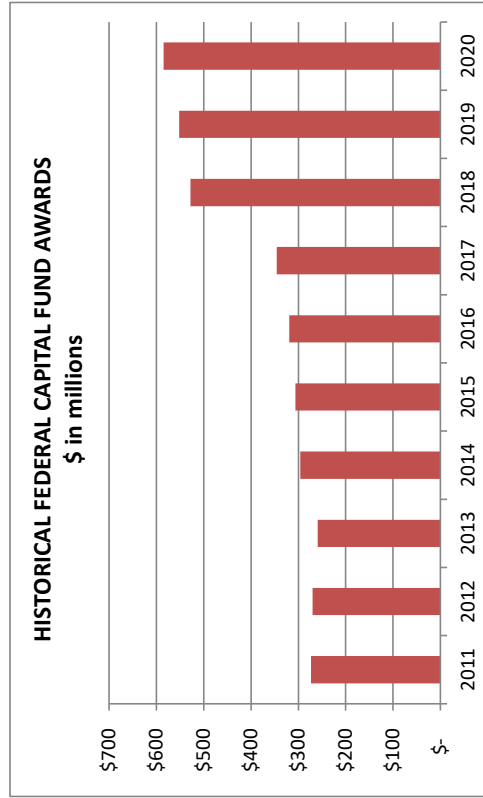


Source: New York City Housing Authority, Finance Department

**NEW YORK CITY HOUSING AUTHORITY  
HISTORICAL FEDERAL CAPITAL FUND AWARDS**

(\$ in millions)

<u>Capital Fund Grant Year</u>	<u>Congressional Appropriation</u>	<u>NYCHA Funding</u>
2011	\$ 2,500	\$ 273
2012	\$ 2,405	\$ 270
2013	\$ 2,070	\$ 259
2014	\$ 1,875	\$ 296
2015	\$ 1,925	\$ 306
2016	\$ 1,900	\$ 319
2017	\$ 1,942	\$ 346
2018	\$ 2,750	\$ 528
2019	\$ 2,775	\$ 552
2020	\$ 2,869	\$ 585



Source: New York City Housing Authority, Finance Department

**SCHEDULES OF  
DEMOGRAPHIC  
AND  
ECONOMIC  
INFORMATION**





**NEW YORK CITY HOUSING AUTHORITY  
RESIDENT DEMOGRAPHICS - OPERATING PROGRAMS**

ALL PROGRAMS  
DECEMBER 31, 2020  
TOTAL

NUMBER OF FAMILIES	164,509
POPULATION*	358,675
AVERAGE FAMILY SIZE	2.2
AVERAGE TENURE IN PUBLIC HOUSING	24 YEARS

AVERAGE FAMILY ANNUAL INCOME	\$ 24,503
AVERAGE MONTHLY RENT	\$ 536

	Percentage of Population
NUMBER OF SENIOR RESIDENTS (AGE 62 OR MORE):	79,537 22.2%
NUMBER OF SINGLE SENIOR RESIDENTS (AGE 62 OR MORE):	39,573 11.0%
NUMBER OF MINORS UNDER 18:	92,465 25.8%

	Percentage of Households
NUMBER OF WORKING FAMILIES:	73,120 44.5%
NUMBER OF FAMILIES RECEIVING PUBLIC ASSISTANCE:	21,037 12.8%
NUMBER OF SINGLE PARENT FAMILIES WITH MINORS UNDER 18:	36,705 22.3%
NUMBER OF SENIOR (AGE 62 OR MORE) HEAD OF HOUSEHOLDS:	67,078 40.8%
HOUSEHOLDS BELOW POVERTY LEVEL	83,559 52.0%

\* Included population of section 8 transaction of 8,678 in Public Housing Preservation I and II developments.

Source: The Performance Tracking and Analytics Department

**NEW YORK CITY HOUSING AUTHORITY**

**RESIDENT DEMOGRAPHICS - HOUSING CHOICE VOUCHER PROGRAM**

AS OF DECEMBER 31, 2020

**BOROUGH**

	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Outside the 5 Boroughs Portables	Total
NUMBER OF HOUSEHOLDS	37,977	28,602	10,258	8,141	1,856	0	86,834
NUMBER OF HOUSEHOLDS PERCENTAGE	43.74%	32.94%	11.81%	9.38%	2.14%	0.00%	100.00%

**RACE and ETHNICITY**

	Unknown	American Indian/ Native Alaskan	Asian/ Native Hawaiian/ Other Pacific Islander	Black	Hispanic	White	Total
NUMBER OF HOUSEHOLDS	42	327	2,188	25,619	45,163	13,495	86,834
NUMBER OF HOUSEHOLDS PERCENTAGE	0.05%	0.38%	2.52%	29.50%	52.01%	15.54%	100.00%

**APARTMENT SIZE (NUMBER OF BEDROOMS)**

	0	1	2	3	4	5 or more	Total
NUMBER OF HOUSEHOLDS	0	5,120	25,961	31,999	19,385	3,495	86,834
NUMBER OF HOUSEHOLDS PERCENTAGE	0.00%	5.90%	29.90%	36.85%	22.32%	4.02%	100.00%

## Demographic and Economic Statistics - Ten Year Trend

### POPULATION - TEN YEAR TREND

2010 - 2019\*

Year	United States		City of New York		Percentage Change from Prior Period
	United States	City of New York	United States	City of New York	
2010	309,321,666	8,190,209	0.84 %	0.73 %	
2011	311,556,874	8,272,948	0.72	1.01	
2012	313,830,990	8,346,693	0.73	0.89	
2013	315,993,715	8,396,091	0.69	0.59	
2014	318,301,008	8,433,806	0.73	0.45	
2015	320,635,163	8,463,049	0.73	0.35	
2016	322,941,311	8,469,153	0.72	0.07	
2017	324,985,539	8,437,478	0.63	(0.37)	
2018	326,687,501	8,390,081	0.52	(0.56)	
2019	328,239,523	8,336,817	0.48	(0.63)	

### POPULATION OF NEW YORK CITY BY BOROUGH

	2019	2010	2000	1990	1980	1970
Bronx	1,418,207	1,387,298	1,333,854	1,203,789	1,168,972	1,471,701
Brooklyn	2,559,903	2,509,828	2,465,812	2,300,664	2,230,936	2,602,012
Manhattan	1,628,706	1,588,767	1,540,373	1,487,536	1,428,285	1,539,233
Queens	2,253,858	2,234,701	2,229,895	1,951,598	1,891,325	1,987,174
Staten Island	476,143	469,615	445,414	378,977	352,121	295,443
Total	8,336,817	8,190,209	8,015,348	7,322,564	7,071,639	7,895,563

Percentage Increase (Decrease) from Prior Decade	1.8%	2.2%	9.5%	3.5%	(10.4%)	1.5%
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## Demographic and Economic Statistics - Ten Year Trend

2010 - 2019\*

Year	Personal Income (in thousands)		Per Capita Personal Income (in thousands)		New York City as a Percentage of United States
	United States	City of New York	United States	City of New York	
2010	\$12,541,995,000	\$426,084,388	\$40,547	\$52,025	128 %
2011	13,315,478,000	457,213,067	42,739	55,266	129
2012	13,988,383,000	479,431,121	44,605	57,438	129
2013	14,175,503,000	492,440,294	44,860	58,652	131
2014	14,982,715,000	518,196,024	47,071	61,441	131
2015	15,709,242,000	541,646,222	48,994	64,002	131
2016	16,111,636,000	567,585,145	49,890	67,019	134
2017	16,870,106,000	616,944,771	51,910	73,124	141
2018	17,813,035,000	644,661,757	54,526	76,837	141
2019	18,599,062,000	NA	NA	NA	NA

Source: U.S. Department of Commerce, Bureau of Economic Analysis and U.S. Census Bureau, American Fact Finder

\* Amounts as of November 2019  
N/A = data not available

## New York City Housing Authority

### Demographic and Economic Statistics - Ten Year Trend

#### POPULATION - TEN YEAR TREND 2011 - 2020

Year	NYCHA	Change from Prior Period
2011 .....	403,357	(0.16) %
2012 .....	403,736	0.09 %
2013 .....	403,120	(0.15) %
2014 .....	401,093	(0.50) %
2015 .....	400,474	(0.15) %
2016 .....	396,581	(0.97) %
2017 .....	392,259	(1.09) %
2018 .....	381,159	(2.83) %
2019 .....	365,806	(4.03) %
2020 .....	358,675	(1.95) %

## New York City Housing Authority

### Demographic and Economic Statistics - Ten Year Trend

#### 2011 - 2020

#### Personal Income (in thousands)

Year	NYCHA
2011 .....	4,024,487
2012 .....	4,052,026
2013 .....	4,064,839
2014 .....	4,068,376
2015 .....	4,133,013
2016 .....	4,241,327
2017 .....	4,248,457
2018 .....	4,269,695
2019 .....	4,259,891
2020 .....	4,030,964

**City of New York - Persons Receiving Public Assistance - Ten Year Trend**

Year	2011- 2020	
	Public Assistance (in thousands)	SSI (a)
2011	356	423,707
2012	353	425,991
2013	357	425,034
2014	337	402,529
2015	360	398,856
2016	370	394,680
2017	364	388,629
2018	356	381,373
2019	332	374,695
2020	378	NA

(a) The SSI data is for December of each year.  
N/A: Not Available

Sources: The City of New York, Human Resources Administration and the U.S. Social Security Administration.

**New York City Housing Authority  
Persons Receiving Public Assistance - Ten Year Trend**

Year	2011- 2020	
	Public Assistance	Public Assistance
2011	20,028	20,028
2012	19,561	19,561
2013	20,055	20,055
2014	20,379	20,379
2015	21,214	21,214
2016	22,710	22,710
2017	23,077	23,077
2018	22,146	22,146
2019	20,856	20,856
2020	21,037	21,037

Source: New York City Housing Authority, Performance Tracking and Analytics Department

## Nonagricultural Wage and Salary Employment - Ten Year Trend

2011-2020

(average annual employment in thousands)

	<u>2020 (b)</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Private Employment:										
Services (a).....	2,434	2,721	2,633	2,556	2,478	2,402	2,311	2,216	2,139	2,066
Wholesale Trade.....	127	139	141	142	143	144	143	141	140	139
Retail Trade.....	298	346	350	351	350	352	350	340	328	315
Manufacturing.....	59	67	70	73	76	78	77	76	76	76
Financial Activities.....	463	482	475	468	465	458	448	436	438	438
Transportation, Warehousing and Utilities.....	126	148	143	139	135	132	126	123	122	122
Construction.....	128	160	159	153	147	139	129	122	116	112
Total Private Employment.....	3,635	4,063	3,971	3,882	3,794	3,705	3,584	3,454	3,359	3,268
Government.....	580	588	585	585	584	580	573	571	571	573
Total.....	<u>4,215</u>	<u>4,651</u>	<u>4,556</u>	<u>4,467</u>	<u>4,378</u>	<u>4,285</u>	<u>4,157</u>	<u>4,025</u>	<u>3,930</u>	<u>3,841</u>
Percentage Increase (Decrease) from Prior Year .....	(9.4%)(b)	2.1%	2.0%	2.0%	2.2%	3.1%	3.3%	2.4%	2.3%	2.4%

(a) Includes rounding adjustment.

(b) Six months average.

Notes: This schedule is provided in lieu of a schedule of principal employees because it provides more meaningful information. Other than the City of New York, no single employer employs more than 2 percent of total nonagricultural employees.

Data is not seasonally adjusted.

Source: New York State Department of Labor, Division of Research and Statistics.

## Employment Status of the Resident Population - Ten Year Trend

2010-2019

	Civilian Labor Force (in thousands)			Unemployment Rate	
	New York City Employed	New York City Unemployed(a)	New York City	New York City	United States
2010 .....	3,574	377	9.5 %	9.6 %	
2011 .....	3,603	360	9.1	8.9	
2012 .....	3,647	376	9.3	8.1	
2013 .....	3,724	361	8.8	7.4	
2014 .....	3,794	297	7.3	6.2	
2015 .....	3,869	234	5.7	5.3	
2016 .....	3,902	214	5.2	4.9	
2017 .....	3,920	191	4.6	4.4	
2018 .....	3,909	171	4.2	3.9	
2019 .....	3,909	161	3.9	3.7	

(a) Unemployed persons are all civilians who had no employment during the survey week, were available for work, except for temporarily illness, and had made efforts to find employment some time during the prior four weeks. This includes persons who were waiting to be recalled to a job from which they were laid off of were waiting to report to a new job within 30 days.

Note: Employment and unemployment information is not seasonally adjusted.  
Sources: U.S. Department of Labor, Bureau of Labor Statistics, and Office of the Comptroller, Fiscal and Budget Studies.





**SCHEDULES OF  
OPERATING  
INFORMATION**



## SUMMARY OF PUBLIC HOUSING DEVELOPMENTS

DEVELOPMENT DATA	DEVELOPMENTS IN FULL OPERATION				TOTAL **
	FEDERAL	LLC I	LLC II	PROGRAM	
NUMBER OF DEVELOPMENTS	270	13	2		285
NUMBER OF CURRENT APARTMENTS ***	149,750	14,452	2,997		167,199
NUMBER OF SECTION 8 TRANSITION APARTMENTS	-	2,693	957		3,650
TOTAL NUMBER OF APARTMENTS ****	150,597	14,476	3,027		168,100
RESIDENTIAL BUILDING	2,020	155	37		2,212
NON-RESIDENTIAL BUILDING	94	8	2		104
POPULATION* PUBLIC HOUSING	320,837	25,438	3,722		349,997
POPULATION* SECTION 8 TRANSITION	-	6,557	2,121		8,678
TOTAL POPULATION*	320,837	31,995	5,843		358,675

\* Population as of January 1, 2021

\*\* Does not include Lavanburg Houses and PSS Grandparent Family Apartments

\*\*\* Current Apartments are units which are occupied as well as vacant available

\*\*\*\* Total Number of Apartments includes units which are occupied, vacant available, as well as units that are off the rent rolls or vacant unavailable

Source: New York City Housing Authority, Performance Tracking and Analytics Department

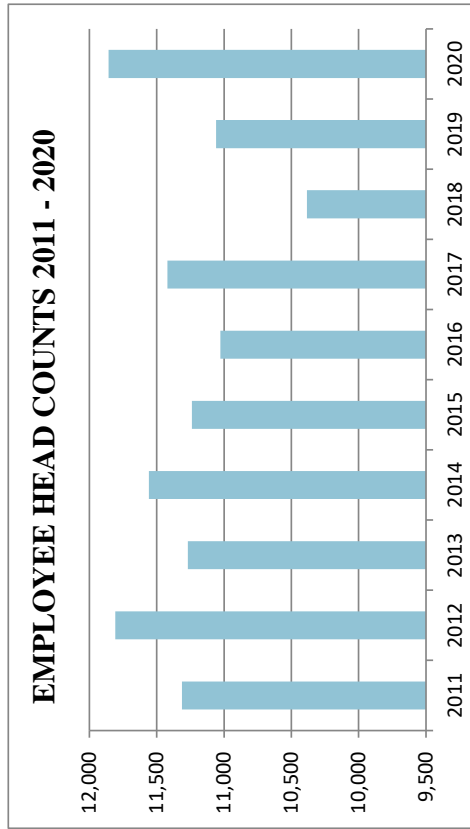
**NEW YORK CITY HOUSING AUTHORITY  
LEASE COMMITMENTS**  
(\$ in thousands)

<u>LESSOR</u>	<u>YEAR OF EXPIRATION</u>	<u>ANNUAL RENTAL 2020</u>	<u>FUTURE MINIMUM ANNUAL RENTS</u>	<u>FACILITY</u>
250 Broadway Owner LLC	2039	\$ 6,518	\$ 132,481	Office Building
90 Church Street Limited Partnership	2044	14,508	385,050	Office Building
One Fordham Plaza, LLC	2030	3,886	26,705	Office Building
Vanderbilt Associates Owner LP	2030	3,002	23,771	Office Building
IPG LIC 49th Ave Lower Floor Units Property Owner LLC	2050	20,347	749,008	Office Building
Hutch Metro Center I LLC	2026	2,177	10,250	Office Building
Other		291	-	Office Building
<b>TOTAL</b>		<u>\$ 50,728</u>	<u>\$ 1,327,264</u>	

Source: New York City Housing Authority  
Financial Accounting and Reporting Services Department

**NEW YORK CITY HOUSING AUTHORITY  
EMPLOYEE HEAD COUNTS 2010 - 2020**

<u>Year</u>	<u>Full Time</u>	<u>Part Time</u>	<u>Total</u>
2011	11,115	197	11,312
2012	11,591	217	11,808
2013	11,107	162	11,269
2014	11,401	158	11,559
2015	11,079	160	11,239
2016	10,624	403	11,027
2017	10,976	444	11,420
2018	10,287	97	10,384
2019	10,973	86	11,059
2020	11,797	60	11,857



**Note: Includes only employees who are active and receiving bi-weekly pay.**

Source: New York City Housing Authority  
Department of Human Resources

