



POLICY BREAKFAST

# Transforming NYCHA: Federal Funding, Oversight, and the Blueprint for Change

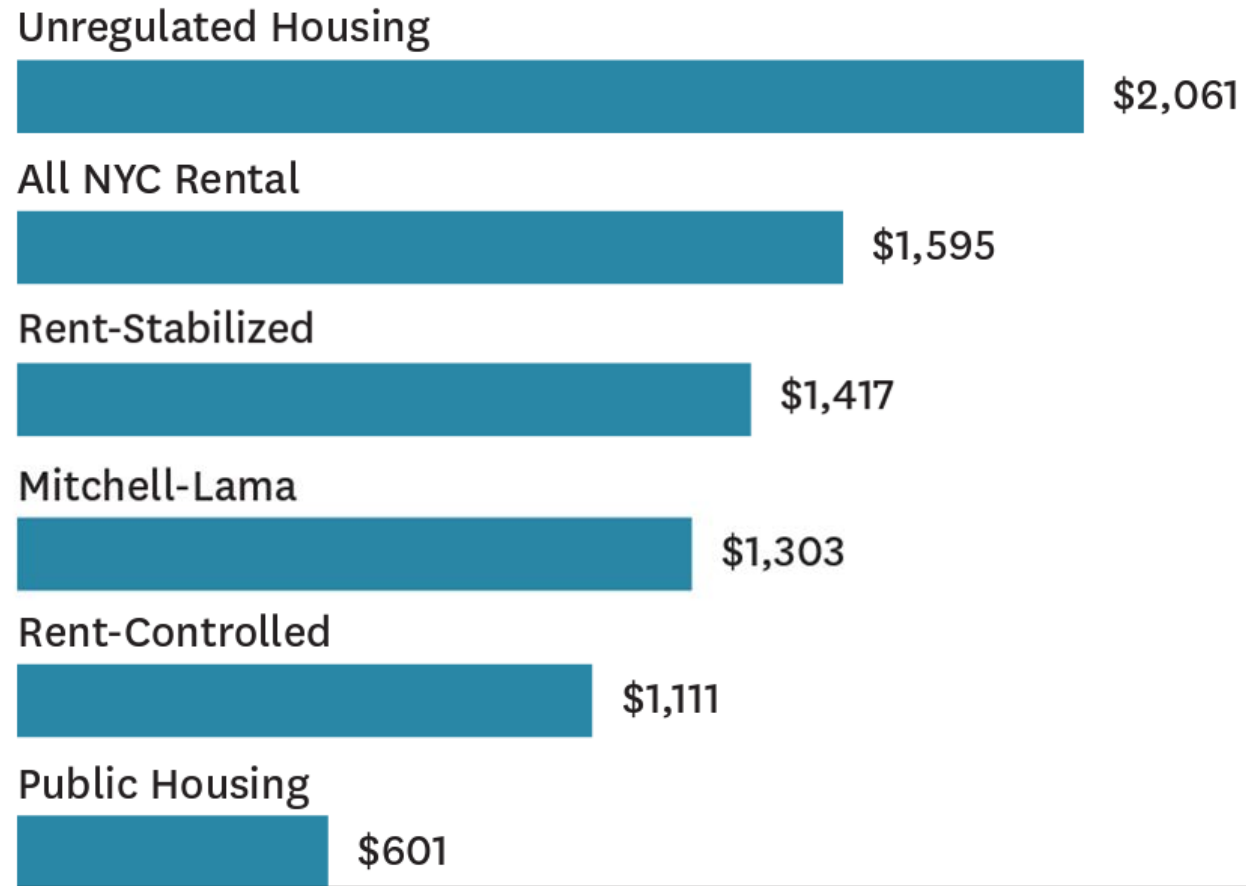
December 9, 2021 | 9:30am ET

#FCbreakfast



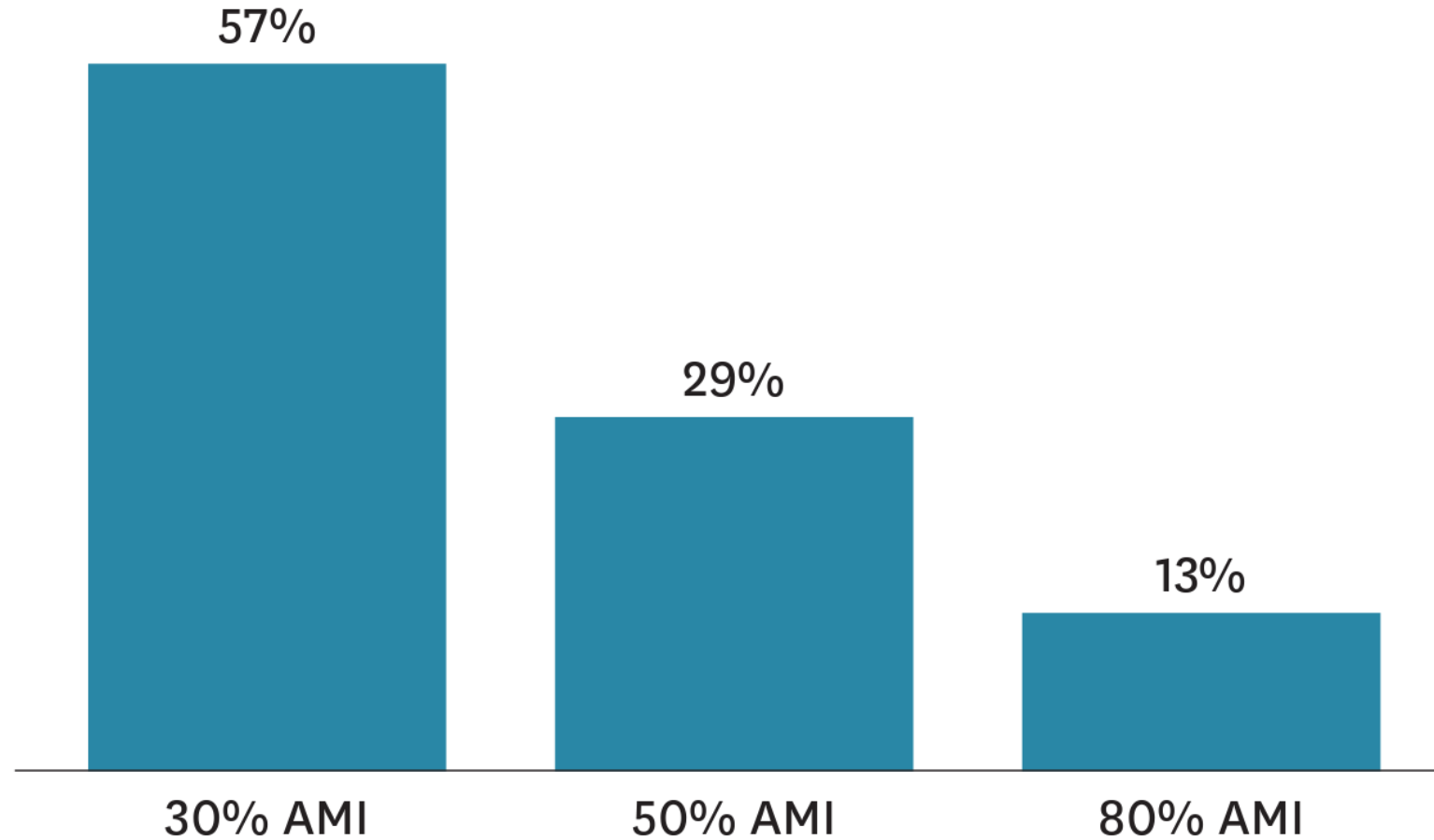
**NYCHA plays a crucial and outsized role in providing housing for lower-income New York City households.**

# Average Monthly Contract Rents for Housing in New York City, 2017



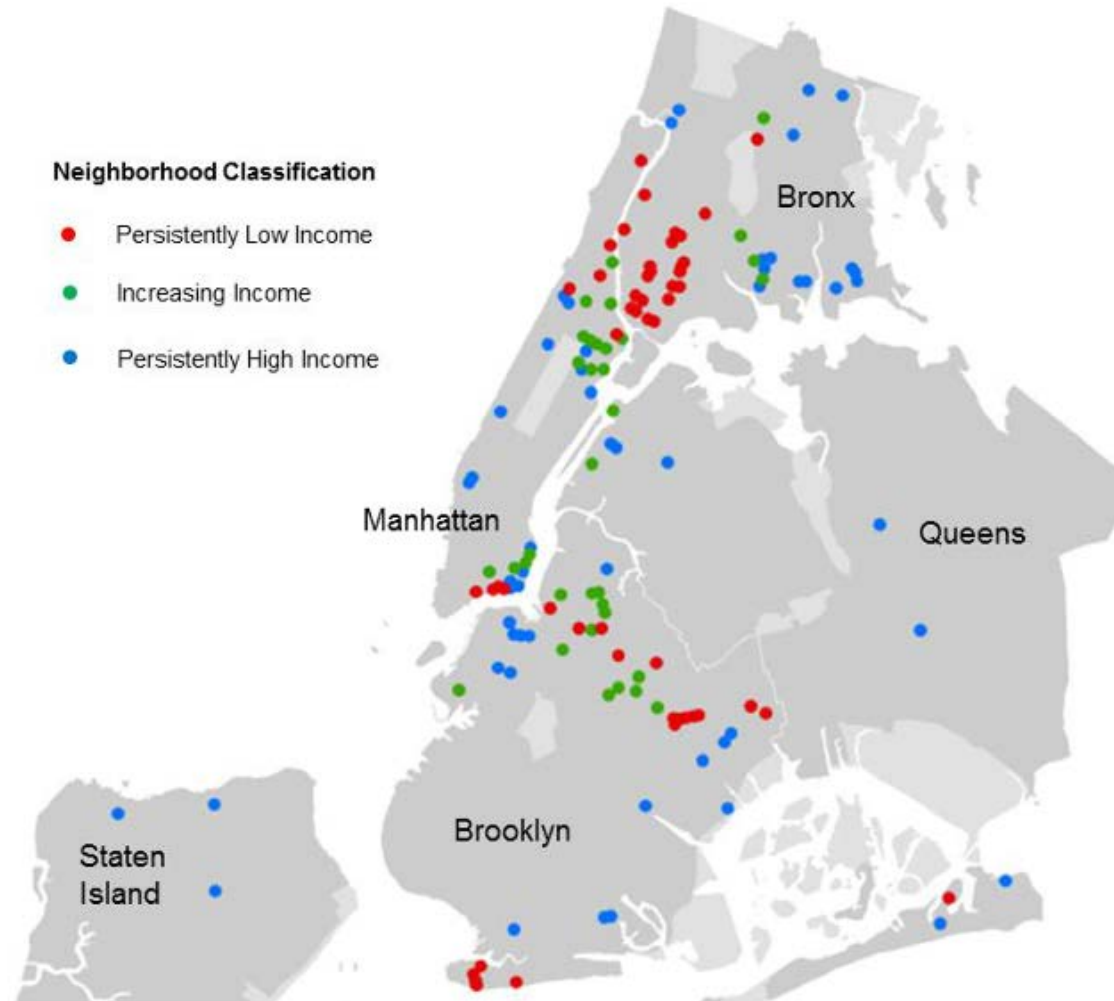
Source: New York City Housing and Vacancy Survey, NYU Furman Center

# Share of Apartments Affordable to Different Income Levels that are NYCHA Public Housing, 2017



Source: New York City Housing and Vacancy Survey, NYU Furman Center

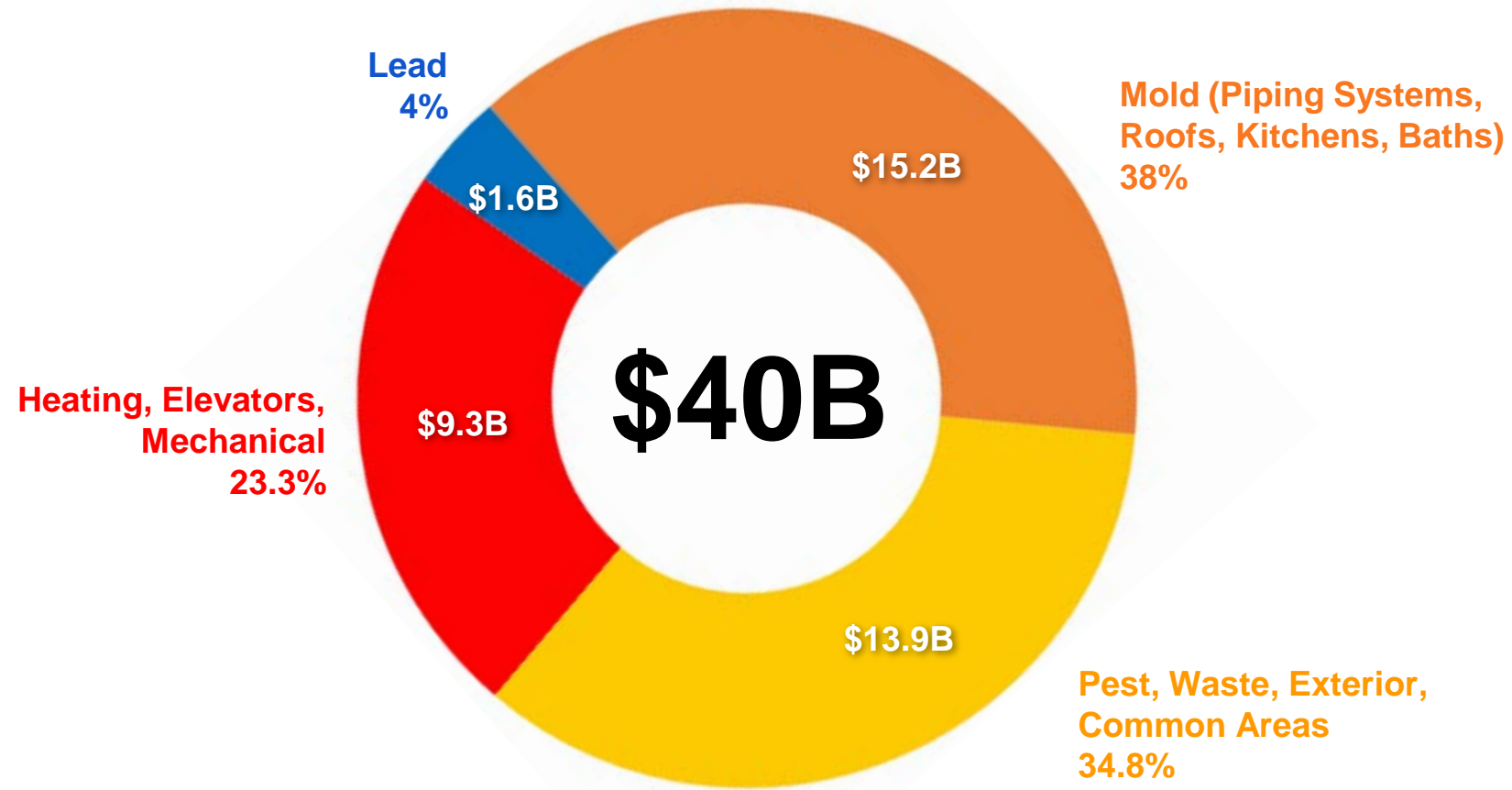
# Public Housing is Located Disproportionately in Gentrifying Neighborhoods



Source: NYU Furman Center

# Underinvestment and Capital Needs

# Multiple types of work comprised an estimated \$40B of total capital needs in 2021



Source: New York City Housing Authority

# Legal Action and New Oversight



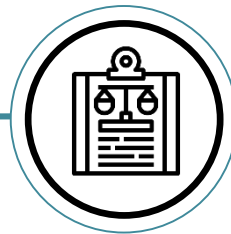
# Baez et al vs. NYCHA

2013



**Lawsuit filed** on behalf of tenants over in-unit environmental conditions

2014



**Settlement reached:** NYCHA remediate causes of mold in a timely fashion and submit to periodic sampling of mold complaints

2015



Appointment of a **Special Master to oversee compliance with settlement**

2018



**Revised settlement terms:** Independent data and mold analysts, independent ombudsperson, update operational policies

# United States vs. NYCHA

2018 Department of Justice lawsuit alleged NYCHA violated basic health and safety regulations, resulting in an administrative agreement between HUD, NYCHA, and the City of New York.



## Environmental Metrics Improvement

- Remediate living conditions by specific deadlines and meet objective compliance standards
- Establish a Compliance Dept., an Environmental Health and Safety Dept., and a Quality Assurance Unit



## Capital Investment Commitment

- City committed \$1.2 billion in additional funding until 2023 and \$200 million per subsequent year for the duration of the Agreement
- Additional \$4 billion in City funds budgeted through 2027



## Federal Monitor

- Appointed by the U.S. to oversee fundamental reform
- Authority to set performance standards and make changes to management and organization structure



# Proposals and Resident Concerns

# Timeline of Funding Proposals

2016



**PACT** (Permanent Affordability Commitment Together) is introduced to use HUD's **RAD** (Rental Assistance Demonstration) program

2018



Broad preservation plan called **NYCHA 2.0** expands on PACT/RAD and introduces additional funding sources

2020



**Blueprint for Change** introduces plan for achieving compliance with legal settlements and addresses capital funding needs for units and buildings not enrolled in PACT/RAD



# NYCHA 2.0 Seeks to Raise Funds from a mix of New Construction, Air Rights Transfers, and RAD/PACT

## 1. PACT to Preserve

Convert units to Section 8 through HUD's Rental Assistance Demonstration

Public-private partnerships for renovations and management

## 2. Build to Preserve

Accelerate new construction on NYCHA owned land

Develop mixed income housing, with proceeds funding renovations of adjacent NYCHA developments

## 3. Transfer to Preserve

Transfer air rights at high-value sites

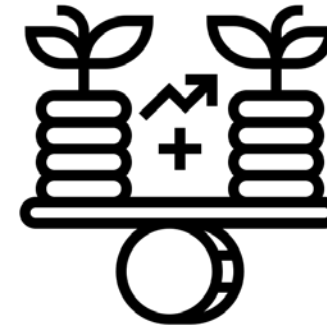
Revenue funds renovations to adjacent buildings

# Blueprint for Change



## Transformation Plan

- Service delivery improvements
- Expanded resident partnerships and economic opportunities
- Increased oversight and attention through the Neighborhood Model



## Stabilization Plan

- Create NYC Public Housing Preservation Trust to access federal funding through Tenant Protection Vouchers (TPV)
- Issue municipal bonds to raise funding for capital repairs
- Streamlining bidding and construction process used to renovate developments



# How the preservation trust was proposed to work



Create Public Trust through State legislation



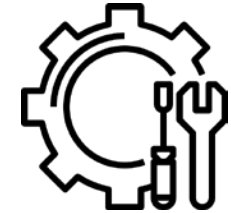
NYCHA leases “Obsolete” units to Trust



Trust receives TPVs for “Obsolete” units



Trust issues bonds against TPV revenue to raise money through public debt



Trust contracts out operations and management to NYCHA

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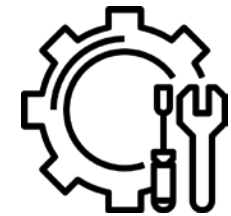
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**Section 18** regulates what PHAs can do with “**obsolete**” housing units. In 2018, HUD issued new Section 18 guidance that created a pathway for NYCHA to use it as a **preservation tool**.



# Resident Concerns



Privatization



Risk of Default



Resident Rights  
& Protections

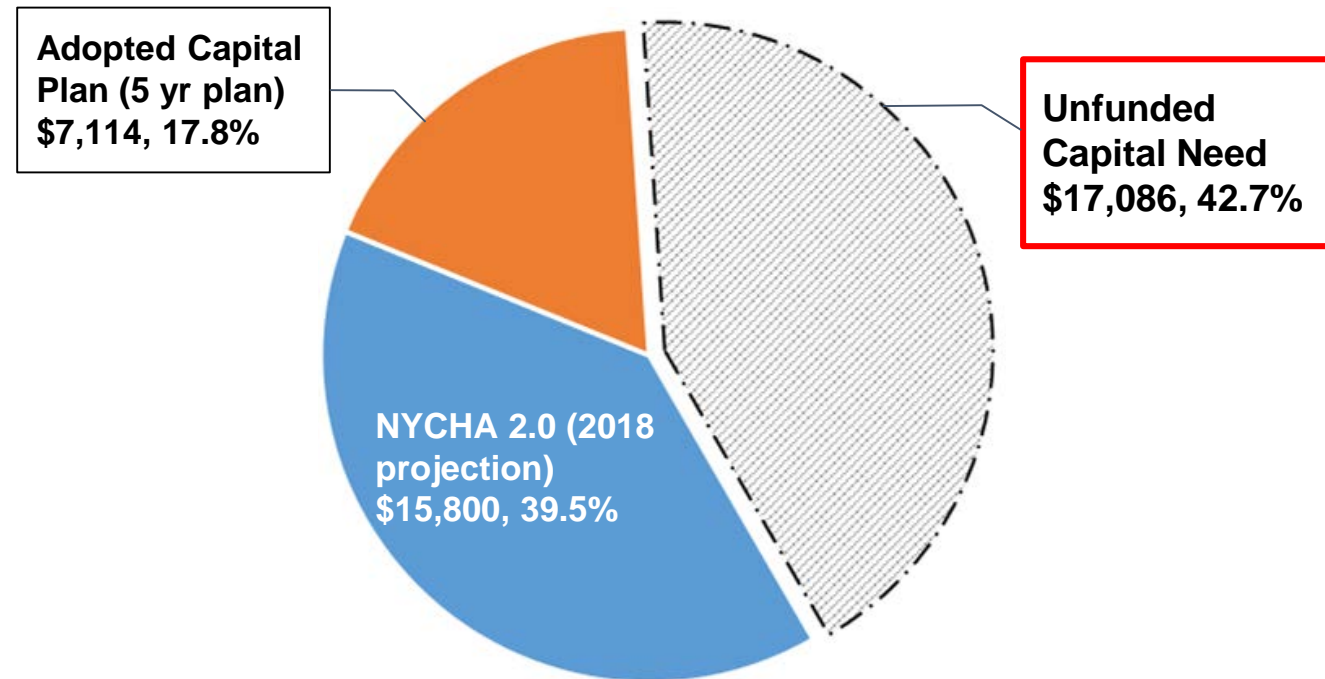


Resident Input  
& Process

# Funding Gap and Build Back Better

# \$17B Funding Gap in Lieu of the Trust

Current Funding Sources Still Fall Short of \$40B in Capital Need (\$ in Millions)



Source: New York City Housing Authority

# Today's Panelists



**Brian Benjamin**  
Lieutenant Governor,  
New York State



**Walter McNeil**  
President, Edenwald  
Houses Tenant  
Association



**Damaris Reyes**  
Executive Director,  
Good Old Lower  
East Side



**Gregory Russ**  
Chair and CEO,  
New York City  
Housing Authority



**Daniel W. Sherrod**  
Director of Federal  
Monitorships, U.S.  
Department of Housing  
and Urban  
Development