

Executive Summary

NYCHA's Draft Amendment to the Annual PHA Plan for FY 2020

Federal law allows a public housing authority to modify or amend its Annual PHA Plan or "Plan." Significant amendments to the Plan are subject to the same requirements as the original plan.

NYCHA's Draft Amendment to the Annual PHA Plan for FY 2020 (the "Draft Amendment") is available for public review on NYCHA's website: <http://www1.nyc.gov/site/nycha/about/annual-plan-financial-information.page>. NYCHA will also provide a copy of the Draft Significant Amendment to each development's Resident Association President.

NYCHA will hold a virtual public hearing on December 8, 2020 and will accept written comments on the Draft Agency Plan through December 9, 2020. Please see the Notice on page 2. NYCHA met with the Resident Advisory Board (RAB) members for their comments in 8 meetings between April and October 2020. There will be additional RAB meetings in 2020 on the Draft Amendment before it is submitted to HUD for approval.

PACT/Unfunded Units (LLC II)

In July 2017, NYCHA announced that it was expanding PACT to protect the Authority's unfunded units portfolio. This portfolio consists of eight (8) mixed-finance public housing developments known as the "LLC II developments," which are ineligible to be included in the federal public housing operating fund and capital fund program subsidy formulas. Previously, NYCHA's PACT initiative was synonymous with RAD. To make significant repairs, more effectively manage the developments, and strategically deploy NYCHA's limited financial resources, NYCHA expanded PACT to create additional public-private partnerships and actively bring the unfunded units into the Authority's Housing Choice Voucher (Section 8) project-based program.

The LLC II developments were originally built and funded by New York City and New York State subsidies but were never funded directly by HUD. These developments currently "share" in the federal funds provided for NYCHA's public housing. This has cost NYCHA upwards of \$23 million per year in operating funds. Additionally, per the 2017 Physical Needs Assessment, the eight developments require more than \$1 billion in capital repairs, but while they remain unfunded, the buildings continue to deteriorate.

On September 11, 2008, HUD approved NYCHA's plan to transition the unfunded public housing units to Section 8 assistance. Currently, when a resident vacates their apartment in an LLC II development, the Authority converts the unit to Section 8 project-based funding. This PACT strategy is an unprecedented financing model to support these apartments, prevent them from falling into complete disrepair, and protect their affordability and residents' rights.

Converting all of the units to Section 8 funding will bring new, stable revenue to these LLC II developments and allow for substantial improvements to be made to the apartments, buildings, and grounds. Additionally, funding previously diverted to these developments from the rest of NYCHA's portfolio will now go towards the operation and maintenance of NYCHA's traditional public housing developments.

On December 3, 2017, HUD approved NYCHA for a retention action pursuant to 2 CFR Part 200 for one non-dwelling building and 13 buildings with 722 apartments at Baychester Houses and Murphy Houses in the Bronx. HUD had previously approved NYCHA's Significant Amendment to the FY 2017 Annual Plan for the retention action at Baychester and Murphy on November 22, 2017. On December 28, 2018, NYCHA closed on this PACT/Unfunded Units conversion by entering into a public-private partnership with MBD Community Housing Corporation (developer and social services provider), Camber Property Group (developer), and L&M Development Partners (developer and property manager). Social services are also being provided by BronxWorks.

The project is being financed with conventional debt with a permanent takeout loan by the New York City Housing Development Corporation. Total renovation work for the project will be approximately \$88 million. Repairs are planned for completion by 2021.

As part of an Amendment to the FY 2018 Annual Plan, NYCHA requested HUD approval for a retention action pursuant to 2 CFR Part 200 for Independence Towers and Williams Plaza in Brooklyn. NYCHA began community engagement and resident conversion activities at these developments in March 2018. HUD approved NYCHA's Significant Amendment to the FY 2018 Annual Plan for the retention action at Independence Towers and Williams Plaza on September 14, 2018. In the second quarter of 2019, NYCHA selected a development team to complete this project consisting of The Arker Companies, Omni New York LLC, Dabar Development Partners and Bedford Stuyvesant Restoration Corporation. The project closed in February 2020.

NYCHA submitted an Amendment to the FY 2019 Annual Plan on March 21, 2019 to request HUD approval for a retention action pursuant to 2 CFR Part 200 for the remaining four developments in the LLC II portfolio, namely 344 East 28th Street, Wise Towers, Linden, and Boulevard. HUD approved NYCHA's Significant Amendment to the FY 2019 Annual Plan for the retention action for these developments on June 19, 2019. Through this action, all units in the developments will be operated outside of the federal public housing program under project-based Section 8. Families will be transitioned to Section 8 assistance. Families ineligible for Section 8 assistance will be allowed to remain in place and pay no more than 30% of their income for rent. Conversion of the complete portfolio of unfunded units is expected by 2021.

Rental Assistance Demonstration Program (“RAD”)

The Rental Assistance Demonstration (“RAD”) is a voluntary program administered by the United States Department of Housing and Urban Development (“HUD”). The goals of RAD are to safeguard long-term housing assistance, improve and modernize properties, and stabilize developments by placing them on more solid financial footing by converting the funding stream for such developments from Section 9 to Section 8.

In the Significant Amendment to the FY 2020 Annual Plan, NYCHA is requesting HUD approval to convert Belmont-Sutter Area and Fiorentino Plaza through RAD, as an addition to the previously announced and approved PACT project at Boulevard Houses. NYCHA is also requesting HUD approval to convert Pennsylvania Ave-Wortman Ave through RAD, as an addition to the previously announced and approved PACT project at Linden Houses. Through this action, all units in the developments will be operated outside the federal public housing program. Families will be transitioned to Section 8 assistance. Families ineligible for Section 8 assistance will be allowed to remain in place and pay no more than 30% of their adjusted gross income towards rent.

Capital Improvements – FY 2020 Capital Fund Annual Statement/Performance and Evaluation Report and 5-Year Action Plan

On April 30, 2020, NYCHA presented an overview of the Authority's Capital Planning Program and the FY 2020 Capital Plan and 5-Year Action Plan to the Resident Advisory Board (RAB).

NYCHA's FY 2020 Capital Fund Annual Statement/Performance and Evaluation Report and 5-Year Capital Plan are included in the Amendment in Attachment C, on pages 23 through 52.

NYCHA's FY 2020 Capital Plan continues to focus investment to address the key issues outlined in the HUD Agreement: (1) investment in roofs, facades and plumbing components to help address mold, (2) investment in heating and elevator systems to address boiler and elevators deficiencies, (3) investments in waste management

plan to control pest issues, and (4) safety and security investments in fire alarms, new entrances and CCTV systems. In addition, to address sites with a (i) high incidence of mold complaints and/or (ii) potential lead paint risks, NYCHA will be undertaking comprehensive modernization efforts with a variety of funding sources including the Capital Fund Program (CFP).

The Capital Fund Program Action Plan is complemented by similar investments, including roofs, heating plants, elevators, waste management and comprehensive modernization projects, that will be funded with City and State resources.