

A Blueprint for Change

New York City Housing Authority (NYCHA)

December 2020



Overview of Initiatives

NYCHA's challenges

Initiatives under development

Organization poorly suited to operational and capital delivery challenges

Organizational Strategy

Investing in the organization

- Focus on compliance
- Create culture of service
- Improve service delivery

\$40B capital need and limited resources to address it

Stabilization Strategy

Investing in the properties

- Create a plan for every building
- Raise capital funds to reinforce operational improvements
- Address all elements of compliance and basic housing quality standards



Residents face unprecedented health and economic crisis

Jobs & Recovery Strategy

Investing in people

- Expand & deepen economic opportunities
- Strengthen Section 3 & M/WBE programs
- Enhance health connections & improve environmental health

Background: NYCHA Current State

Urgent needs for NYCHA's 175,000 apt portfolio

- **\$40 billion** to address full PNA plus lead, asbestos, ADA
- Capital needs grow by at least **\$1+ billion/year**

Full repairs on the way for 62,000 apartments

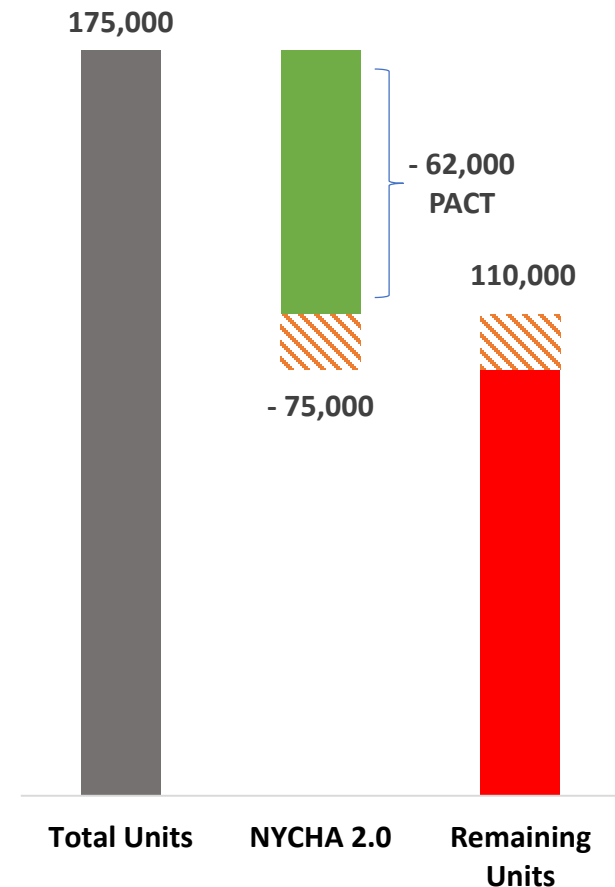
- PACT program is financing full renovations for 62k apts
- Other NYCHA 2.0 programs will fund add'l repairs

But 110,000 apartments need capital investment

- Need **\$18B** to stabilize these apts (i.e. address HUD Agreement pillars – lead, mold, pests, elevators, heat)
- NYCHA only has **\$3.3B** in capital funding secured

NYCHA needs a comprehensive plan that addresses the physical needs at every building in the NYCHA portfolio

NYCHA Portfolio



What's Needed to Stabilize 110,000 Apartments

NYCHA needs **\$18B** to achieve compliance with the HUD Agreement & meet basic Housing Quality Standards (HQS) at the 110,000 apartments – near term stabilization to prevent further decline

Mold: \$9.5 Billion

- Replace piping; full kitchens & baths; ventilation

Lead Abatement: \$1 Billion

- Full abatement across 110,000 units

Heat: \$4.1 Billion

- Prevent outages & improve heat delivery

Elevators: \$1.6 Billion

- Dramatically reduce outages

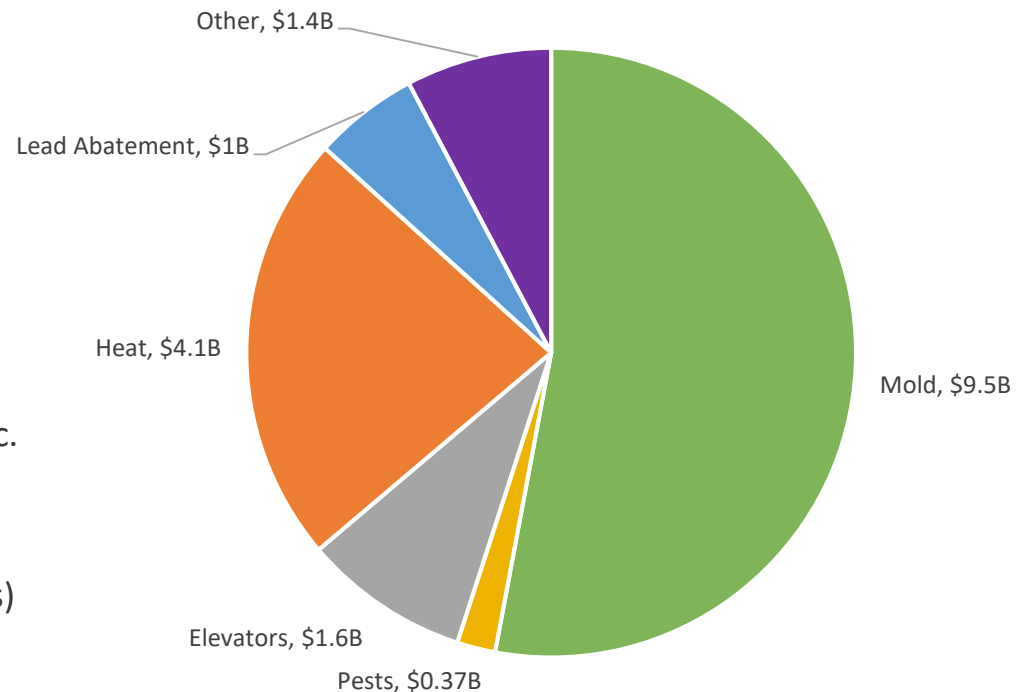
Pests: \$370 Million

- New waste yards, interior compactor work, etc.

Other: \$1.4 Billion

- Correct other HQS items (e.g. safety)
- Invest in security (incl. CCTV, main door access)
- Address gas risers

Stabilization Costs - \$18B



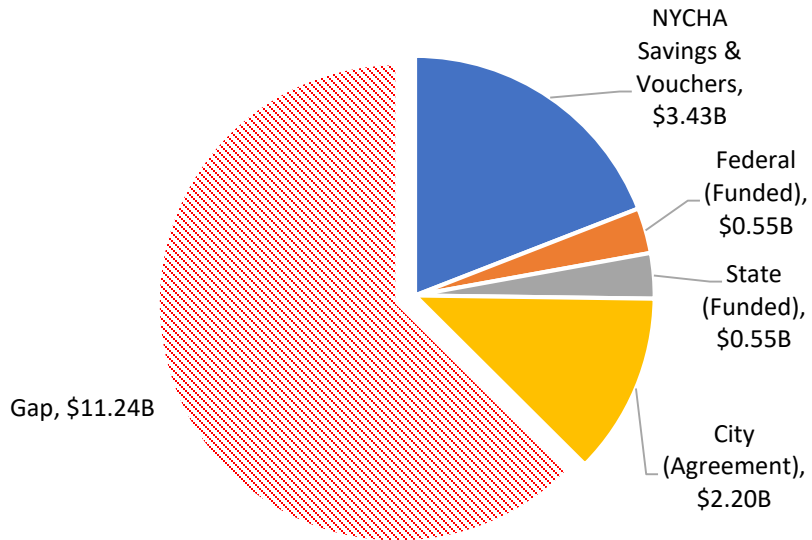
But to **fully revamp** the properties (e.g. to address community centers, grounds, cladding, etc.), NYCHA would need an **additional ~\$7B** – for a **total of \$25B**

Current Funding Gap

NYCHA Projected Capital Gap

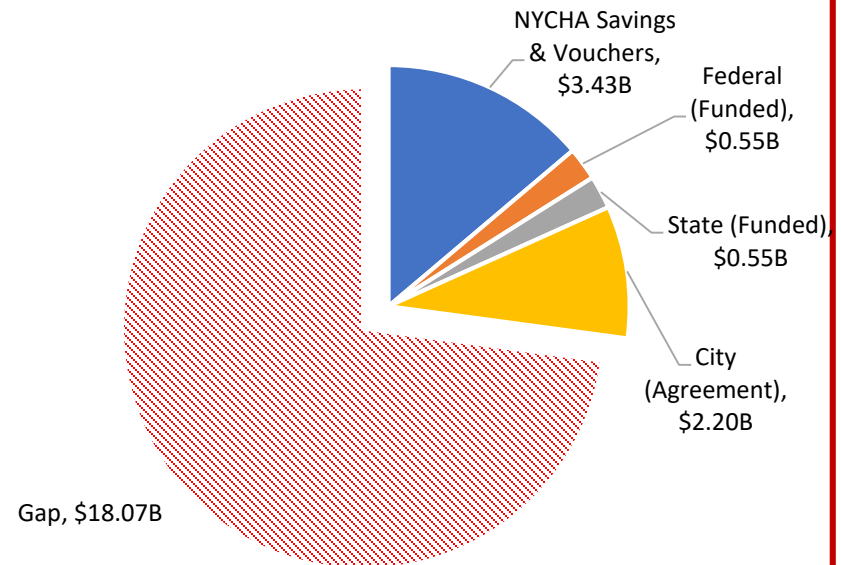
	Stabilization	Full Scope
Total Costs	\$17.97B	\$24.80B
Total Secured	\$6.73B	\$6.73B
NYCHA Savings & Vouchers	\$3.43B	\$3.43B
Federal (Funded)	\$0.55B	\$0.55B
State (Funded)	\$0.55B	\$0.55B
City (Agreement)	\$2.20B	\$2.20B
Projected Gap	\$11.24B	\$18.07B

Stabilization Costs - Total \$18B



Projected Gap = \$11.24B

Full Scope Costs - Total \$25B



Projected Gap = \$18.07B



Stabilization Overview

1
CREATE

NYC Public Housing Preservation Trust

- Use School Construction Authority model & create NYCHA-run **public** entity
- Provide procurement structure to expedite massive levels of construction
- Use a public entity to access Tenant Protection Vouchers (TPVs) for repairs
- NYCHA enters into a long-term ground lease with Trust
- Trust contracts back to NYCHA for management/operations & retains union workforce

+
2
FUND

Interim Use of Tenant Protection Vouchers (TPVs)

- Based on HUD notices, NYCHA has 110K apts likely to meet “obsolescence” criteria
- Apartments are eligible for TPVs when they meet this “obsolescence” criteria
- This project-based subsidy provides more stable & valuable funding each year
- NYCHA can then use this subsidy to raise upfront funds for capital repairs and make all the necessary repairs at the properties

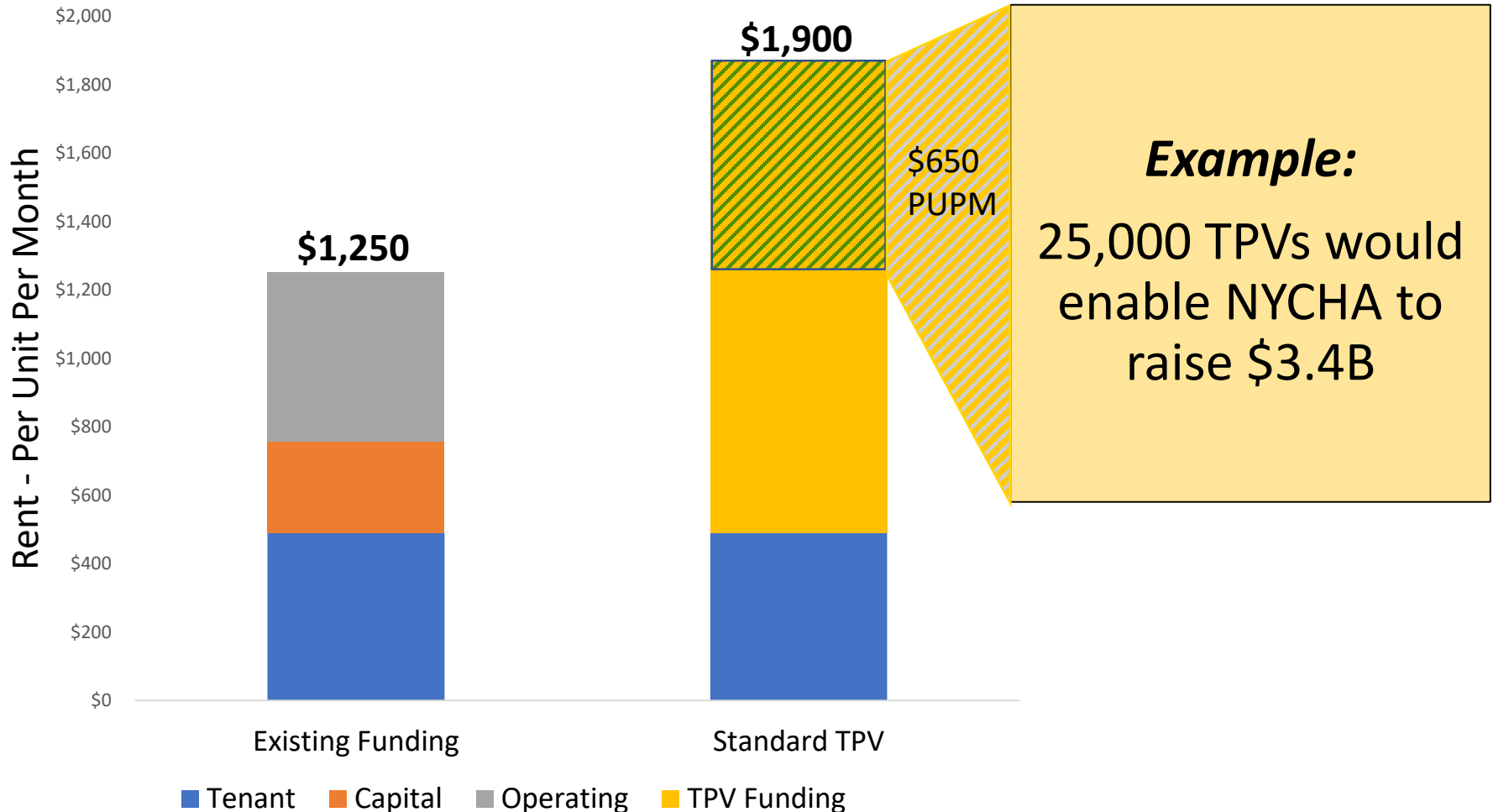
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3
PRESERVE

Stabilization & Recovery

- Fulfill **all compliance requirements** of HUD agreement & basic housing standards
- Protect resident rights & affordability in perpetuity – same rent calculations
- Position properties for long-term financial stability & can address **full** PNA over time
- Access upfront capital through a public entity
- Catalyze economic recovery through investing in public housing as infrastructure

Tenant Protection Vouchers (TPVs) are Valuable

Unit Rents by Type (2019)
Per Unit Per Month



NYC Public Housing Preservation Trust

Public Benefit Corporation

A **fully public entity** that will enable NYCHA to use TPVs, facilitate historic levels of construction, and preserve long-term public ownership

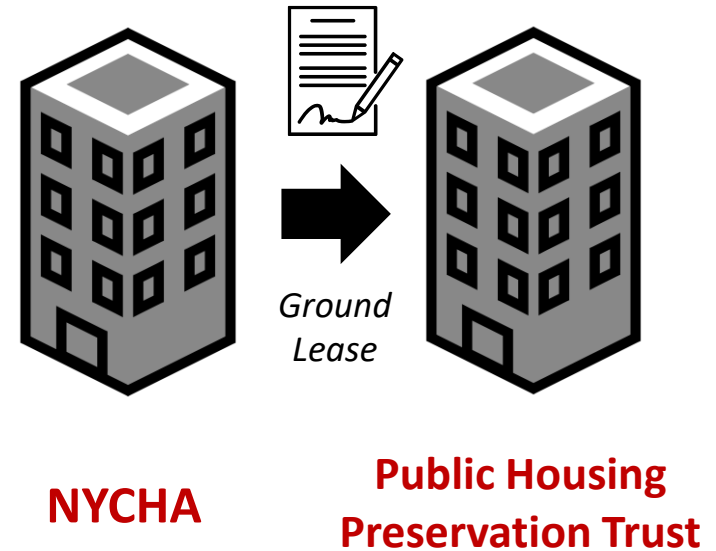
How It Works

- Use the School Construction Authority / DOE model
- NYCHA enters into long-term ground lease with Trust
- Trust oversees construction management contracts
- Trust contracts back to NYCHA for management & maintenance services

Results

- Properties under **end-to-end public control**
- Capital work **fulfills all compliance requirements** of HUD Agreement, stabilizes apts to HQS, and positions units for future investment options to meet full PNA
- State legislation codifies **full** resident protections & affordability in perpetuity
- **Significant** energy efficiency achieved
- Trust retains **public, represented** workforce

A Public to Public Process



Introduced Legislation (A11149) – Key Excerpts

Section 603 – Establishment of Trust

- Establishes Trust as a public entity for purpose of design, development, construction, reconstruction, improvement, modernization, rehabilitation, repairing & operation of NYCHA housing

Section 607 – Resident Rights & Opportunities

- Ensures rights are consistent with public housing, including same affordability in perpetuity
- Guarantees operation of properties as low, very-low, and extremely-low income housing
- Preserves right to organize resident councils, grievance process, automatic lease renewal, succession rights, Part 964, and more
- Confirms adherence to Section 3 requirements

Section 609-610 – More Efficient Procurement & Alternative Project Delivery

- Establishes ability to use alternative project delivery methods: Design-Build, Construction Manager At-Risk (CMAR), and Construction Manager-Build
- Outlines two-step selection method and provides ability to use “best value” criteria, as defined in definitions (Section 602)
- Codifies M/WBE provisions (Section 610)

Section 612 – Prevailing Wage & Project Labor Agreement (PLA)

- Obligates the Trust to use prevailing wage standards and a project labor agreement



Beyond Capital Repairs: Energy, Jobs, Health, & Recovery

1) De-carbonized, energy-efficient NYCHA

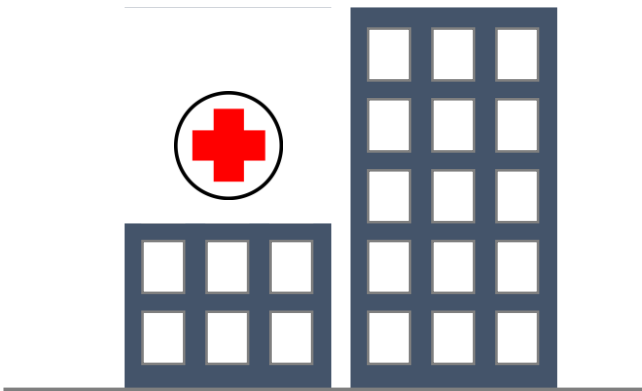
- Transform heating systems
- Re-clad exteriors, replace windows, and build solar panels where possible
- Install energy-efficient appliances (refrigerators, induction stoves, toilets, etc.)
- Massively reduce emissions and operating costs at NYCHA

2) More high-paying jobs

- Thousands of near-term construction jobs
- Create pipeline of skilled maintenance jobs
- Opportunities for local supply chains
- Prioritize NYCHA residents for jobs & strengthen Section 3 + M/WBE programming

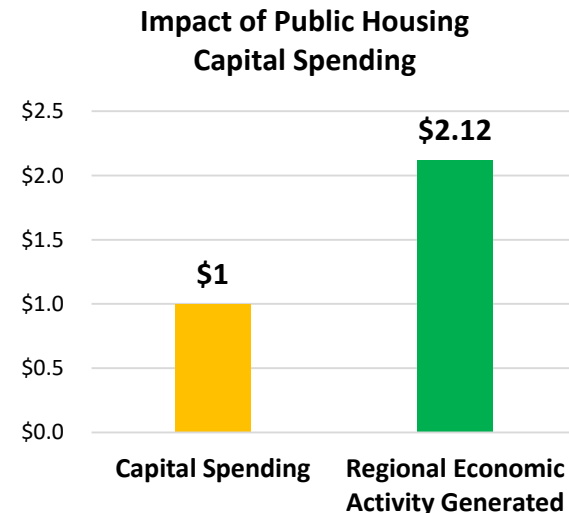
3) Improved health conditions

- Create healthier environments thru directly addressing mold, lead, and more
- Explore co-location of medical services



4) Investment in economic recovery

- 2-to-1 multiplier for regional economy
- Help local business and tax revenues recover



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