NYCHA’s challenges

- Organization poorly suited to operational and capital delivery challenges
- $40B capital need and limited resources to address it
- Residents face unprecedented health and economic crisis

Initiatives under development

- Organizational Strategy
  - Investing in the organization
    - Focus on compliance
    - Create culture of service
    - Improve service delivery
- 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
- 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 appts
- 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
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

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**

<table>
<thead>
<tr>
<th></th>
<th>Stabilization</th>
<th>Full Scope</th>
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<tbody>
<tr>
<td>Total Costs</td>
<td>$17.97B</td>
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<tr>
<td>Total Secured</td>
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<td>NYCHA Savings &amp; Vouchers</td>
<td>$3.43B</td>
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<td>Federal (Funded)</td>
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<td>City (Agreement)</td>
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<tr>
<td><strong>Projected Gap</strong></td>
<td>$11.24B</td>
<td>$18.07B</td>
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</table>

**Stabilization Costs - Total $18B**

- NYCHA Savings & Vouchers, $3.43B
- Federal (Funded), $0.55B
- State (Funded), $0.55B
- City (Agreement), $2.20B

**Projected Gap = $11.24B**

**Full Scope Costs - Total $25B**

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**Projected Gap = $18.07B**
Stabilization Overview

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

Interim Use of Tenant Protection Vouchers (TPVs)
- Based on HUD notices, NYCHA has 110K apartments likely to meet “obsolescence” criteria
- Apartments are eligible for TPVs when they meet this “obsolescence” criteria
- Ask for HUD and Federal Appropriators:
  - Allow NYCHA to “pool” TPVs before attaching the vouchers to specific apartments, so NYCHA can use the subsidy to raise upfront funds for capital repairs
  - Appropriate additional TPVs and capital funding for PHA stabilization efforts

Stabilization & Recovery
- Fulfill all compliance requirements of HUD agreement & basic housing standards
- Protect resident rights & affordability in perpetuity – same rent calculations
- Position properties for future financing options to 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

Example:
25,000 TPVs would enable NYCHA to raise $3.4B

Existing Funding
$1,250

Standard TPV
$1,900

$650 PUPM

$0
Existing Funding

$200

$400

$600

$800

$1,000

$1,200

$1,400

$1,600

$1,800

$2,000

Rent - Per Unit Per Month

Tenant
Capital
Operating
TPV Funding
Leveraging Tenant Protection Vouchers (TPVs)

Using TPVs for Upfront Repairs

- NYCHA seeks the ability to “pool” TPVs together before project-basing them to specific units.
- This “interim use” of the TPVs would enable NYCHA to raise funds to do upfront repairs now.

6-to-1 Multiplier Effect

- By leveraging TPVs, NYCHA can complete more projects with a given allocation of funds.
- NYCHA is able to leverage every $1 in federal TPV revenue to complete $6+ in capital repairs.

To ensure full end-to-end public control, NYCHA would use a new public entity – a Public Housing Preservation Trust.
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
Reducing NYCHA’s Operating Expenses

Stabilized Properties = Less Emergency Work

- **Short term** savings from less OT and vendor spending
- **Long term** savings from reinvesting in preventative maintenance

Energy Savings

- Much of NYCHA’s annual energy costs are wasted through system inefficiencies (underground steam leaks, open windows, etc.)
- Energy/cost savings from converting central steam systems to more efficient space heating, such as hydronic boilers for each building

Organizational Strategy

- Financial accountability at the property level
- Improved support functions (procurement, HR, etc.)
Organizational Changes to Improve Operations

Improve accountability and span of authority & control
  ▪ Re-align property portfolios & management structure

Bring “line of sight” into the field – faster response to conditions
  ▪ Shift towards property based budgeting
  ▪ Provide central office support in the field

Enhance resource allocation through efficient staffing & scheduling of work
  ▪ Evaluate Alternative Work Schedule (AWS)
  ▪ Assess work order sequencing
Beyond Capital Repairs: Energy, Jobs, Health, Recovery

NYCHA Stabilization would mean **greater energy efficiency**

1) **Use green building technology to drive down utility costs and de-carbonize NYCHA**
   - Transform heating systems (e.g. decouple heat plants, install point-source heat)
   - Re-clad exteriors, replace windows, and install solar panels where possible
   - Install energy-efficient appliances (refrigerators, induction stoves, toilets, etc.)
   - Explore “cap and trade” agreements with private owners to raise capital
   - Start with energy work and use utility savings to leverage more upfront capital

**Leveraging Utility Savings**

- **Year 1**: Energy work begins
- **Year 2**: Phase 1 of Energy work complete
- **Year 3**: Bond against utility savings to raise more upfront capital
- **Year 25**: Old Utility Costs
- **Year 25**: New Utility Costs

**Utility Savings**
Beyond Capital Repairs: Energy, Jobs, Health, Recovery

NYCHA Stabilization would mean **new, high-paying jobs**

2) Create quality jobs, prioritizing NYCHA residents & other low-income individuals

- Spur **thousands** of near-term construction jobs to complete capital repairs

- Link with local manufacturing firms to support **hundreds** of industry jobs, especially in locations such as the Brooklyn Navy Yard & Brooklyn Army Terminal

- Create long-term pipeline of **1-2K skilled jobs** for maintaining new building technology in NYCHA facilities

  - New heating systems, new doors, new electrical systems, and other building improvements will all require skilled labor to maintain

  - NYCHA will provide training and link these jobs to residents

- Prioritize **NYCHA residents** for jobs & strengthen Section 3 + M/WBE programming
Beyond Capital Repairs: Energy, Jobs, Health, Recovery

NYCHA Stabilization would mean a healthier NYC & regional recovery

3) Catalyze NYC’s recovery efforts by improving health and boosting the local economy

- Mold, lead, and other capital improvements will improve housing conditions, which creates healthier environments for NYCHA residents
- Explore co-location of medical services in NYCHA community facilities
- Capital spending has 2-to-1 multiplier effect on regional economic activity
- More business activity can help tax revenues recover

![Impact of Public Housing Capital Spending](chart)

<table>
<thead>
<tr>
<th>Capital Spending</th>
<th>Regional Economic Activity Generated</th>
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<tbody>
<tr>
<td>$1</td>
<td>$2.12</td>
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Investing in NYCHA creates healthier conditions
Looking Ahead

NYCHA is in the process of engaging residents, stakeholders, and elected officials to gather feedback around Stabilization.

Discussions/briefings to date:

• Small groups of resident leaders (with more small group discussions scheduled)
• Federal officials (HUD, SDNY, and Monitor)
• Labor partners
• Over a dozen local and national advocate and policy organizations
• Federal, State, and City elected officials

NYCHA will continue and expand these conversations over the coming weeks & months, including a focus on:

• Engaging and building partnerships with residents, elected leaders, & advocates
• Working with the State Legislature on authorizing the NYC Public Housing Preservation Trust
• Working with federal partners on TPV appropriations and financing mechanisms
New York City Housing Authority (NYCHA)