

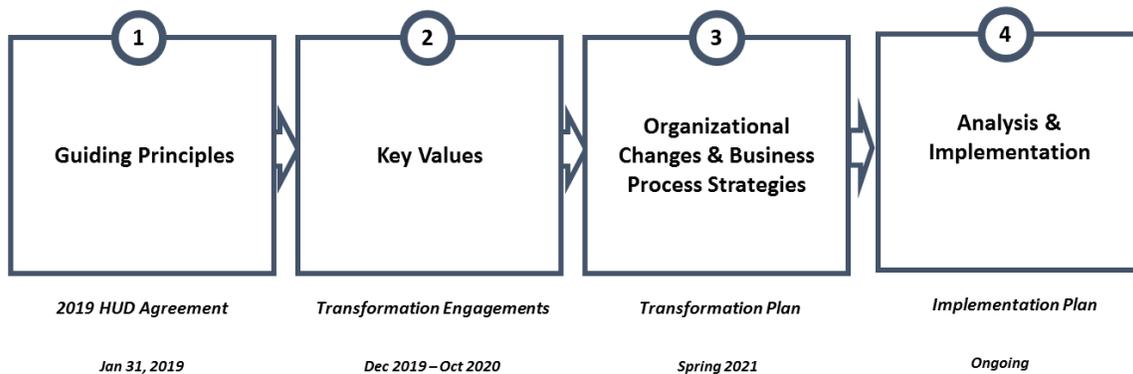
Executive Summary

The Transformation Plan is NYCHA’s vision for significant and sustainable change to NYCHA’s governance and leadership structure, property management operations, and central office support functions. The plan includes a set of proposed strategies that will set the Authority on a path to a stronger future and improve the resident experience, but it is only the beginning of this multi-year process. As this plan is presented to NYCHA’s stakeholders, we will begin the challenging task of prioritizing, analyzing, testing and implementing these changes in an environment where resources are limited. In building the final Implementation Plan, working with our stakeholders and residents, we will evaluate each possible change by weighing the difficult trade-offs that are necessary to make progress and improve service to our residents.

A New Direction

Organizational Strategy = Transformation Plan + Implementation Plan

The Transformation Plan’s proposed changes and strategies are informed by principles that emerged from the 2019 HUD Agreement and numerous engagement sessions throughout 2020



In January 2019, NYCHA signed a settlement agreement with the U.S. Department of Housing and Urban Development (HUD) and the City of New York, ending litigation by the U.S. Attorney’s Office for the Southern District of New York (SDNY) and HUD over NYCHA’s failure to provide “decent, safe and sanitary housing.” SDNY’s investigation found that NYCHA engaged in deceptive practices with respect to federal inspections and falsely certified that it was in compliance with lead-based paint regulations.

The purpose of the HUD Agreement “... is to remedy the deficient physical conditions in NYCHA properties, ensure that NYCHA complies with its obligations under federal law, reform the management structure of NYCHA, and facilitate cooperation and coordination between HUD, NYCHA, and the City...” Under the HUD Agreement, among other things, NYCHA commits to achieving ambitious performance goals in six key areas under the supervision of a federal Monitor: (1) lead-based paint, (2) mold, (3) pests and waste management, (4) elevators, (5) heat, and (6) inspections. Pursuant to the HUD Agreement, NYCHA has assembled Action Plans in each of these areas that have been approved by the Monitor. The Action Plans detail specific

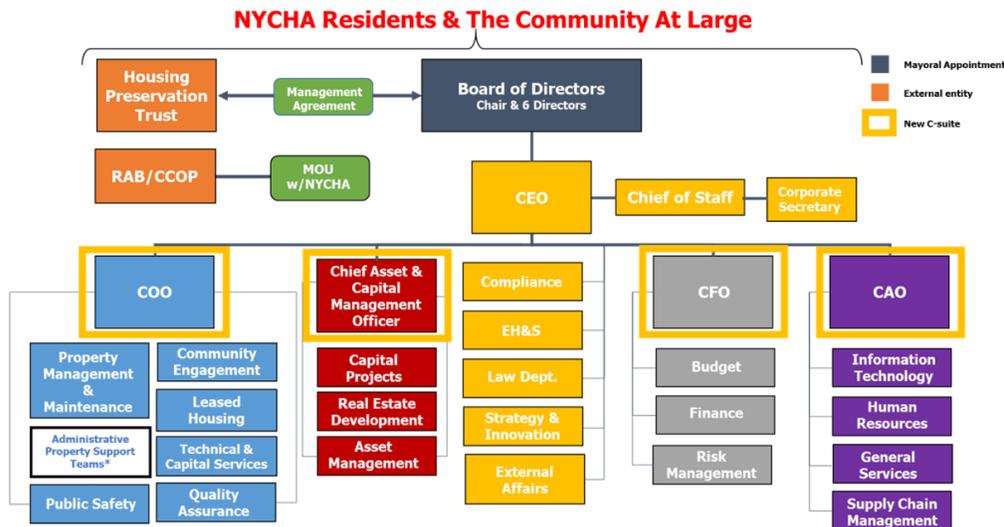
commitments and deadlines for NYCHA to meet and strategies for remedying existing hazards and ensuring future compliance with the HUD Agreement.

The responsibility for implementing these Action Plans rests primarily with NYCHA’s Operations departments and units. These departments are currently hiring data analysts (who will monitor progress toward HUD Agreement goals) and technical advisors (who will ensure that the new policies and procedures that are established are effective, adjusting them as needed). In addition, teams of staff from Operations and other relevant departments will coordinate the implementation of Action Plan strategies.

NYCHA has established three new departments required by the Agreement – Compliance, Environmental Health & Safety, and Quality Assurance – which help ensure there is accountability for meeting these commitments. In addition, the changes to NYCHA’s governance structure, operating model, and central office functions outlined in this Transformation Plan and the subsequent Implementation Plan should ensure that NYCHA can improve service delivery for residents and achieve compliance with the HUD Agreement.

Reorganizing for Transformational Change

Proposed NYCHA Governance & Functional Structure



* Administrative support placed directly at frontline locations

At the highest level, NYCHA will alter its governance structure to build a more effective and accountable executive leadership team (see above). Key changes are as follows:

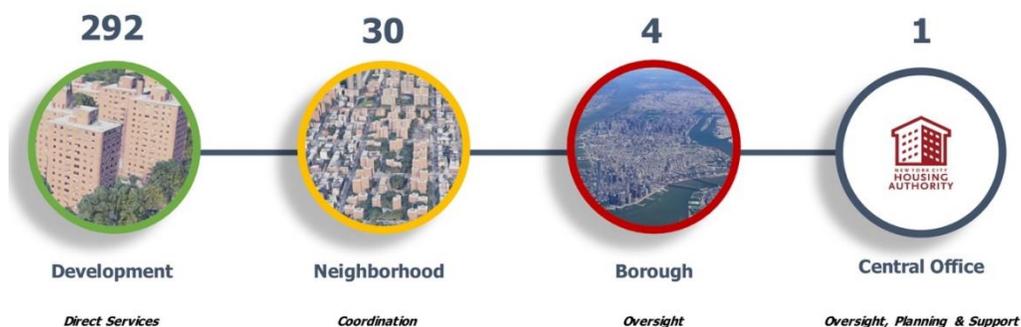
- The position of Chair of the Board and CEO, currently a single role, would be split, with the CEO reporting to the full Board. NYCHA may propose changing the Chair position to a part-time, unpaid role appointed by the Mayor and charged with leading the Board of

Directors in setting policy and providing oversight for NYCHA. This would require a change to State Public Housing Law. NYCHA will continue evaluating governance needs throughout the Implementation Plan process, and NYCHA’s final proposal will be reflected in the Implementation Plan.

- The CEO, to be appointed by the Board of Directors, would be charged with implementing the Board’s policy directives, hiring and managing senior leadership, and managing the organization. The CEO would oversee executives in key functional areas, as follows:
 - The Chief Operating Officer (COO) will assume many duties and powers now held by the General Manager. The primary responsibility of the role will be to oversee all property management and maintenance operations and related technical and support services. The COO portfolio will also include NYCHA’s Leased Housing program to ensure that all housing units and vouchers are under the same executive management.
 - The Chief Asset and Capital Management Officer (CACMO) will oversee the current Real Estate Development and Capital Projects departments, with the goal of integrating existing capital plans across the entire portfolio and creating a single pipeline for capital projects and Section 8 conversions.
 - The Chief Financial Officer (CFO) will be responsible for all budgeting, accounting and financial planning, and risk management functions at NYCHA.
 - The Chief Administrative Officer (CAO) will oversee key central office support functions, including Human Resources, Information Technology, General Services, and Supply Chain Management.
 - In addition, the CEO will directly manage Communications, Intergovernmental Relations, Strategy & Innovation, the Law Department and, as required under the HUD Agreement, the Compliance and Environmental Health & Safety functions.

NYCHA’s New Operating Model – The Neighborhood Model

Organizing NYCHA at the neighborhood level



← How do we move decision-making closer to the point of delivery? →

NYCHA’s large scale is a significant challenge for the organization. To address this challenge, property management and maintenance operations will reorganize to better reflect how NYCHA’s developments are distributed across the city (that is, their geography) and the differing needs of various geographic communities. Here is how this new Neighborhood Model will look:

- NYCHA’s current six-borough operational structure will be restructured into four geographic boroughs (Manhattan, the Bronx, Brooklyn, and Queens/Staten Island), each led by a Borough Vice President.
- Boroughs will be organized into geographically compact neighborhoods led by a Neighborhood Administrator, replacing current Regional Asset Manager (RAM) portfolios. These neighborhoods are drawn to account for the city’s context and history, and to distribute workload evenly, with each containing 4,000 to 8,000 apartments. Neighborhood Administrators are expected to visit each development in their neighborhood at least once a week in order to keep “eyes on the buildings” – a difficult feat with the current RAM portfolios, which often span several boroughs. More supervisory staff attention will enable more hands-on management and quicker resolutions to issues that currently plague developments for extended periods of time.
- Property Managers at each site will report to the Neighborhood Administrator. Administrators will meet monthly with each Resident Association leader in their neighborhood, focusing on key resident concerns at each development.
- Borough Administration Teams consisting of central office staff in essential functions – human resources, finance, information technology, and procurement – will be stationed at offices within the boroughs in order to improve response time. These teams will serve

as the primary points of contact for developments and will either directly resolve tasks at the borough level or escalate issues to the central office as necessary.

	Full Portfolio	Current Structure @ 21 RAMS <i>Per RAM</i>	Proposed Structure @ 30 Neighborhoods <i>Per Neighborhood</i>
Total Units	168,482	8,023	5,616
Open Work Orders	403,563	19,217	13,452
Max Drive Time*		2h 1m	1h 1m

* Measured on a Monday morning at 9:30AM. Measures driving time to "get eyes" on each site in a portfolio.

In addition to the Neighborhood Model changes, NYCHA will reform aspects of property management and maintenance operations that residents and employees have identified as not effective. These changes will complement the structural changes of the Neighborhood Model to improve the delivery of services for residents. Here are the major reforms:

- Work Order Reform
 - Skilled trades (e.g., painters, plasterers, carpenters, plumbers, and electricians) will be moved from the borough level to the Neighborhood level, ensuring that staff are not spending a lot of time traveling between work sites.
 - The process for scheduling complex work orders will be changed: Maintenance Workers will schedule the necessary skilled trades when first visiting the apartment, so that the resident can plan for these future appointments and employees can easily communicate about scheduling and completing the work.
- Alternative Work Schedules (AWS)
 - NYCHA launched the AWS program in June 2020, as part of this Transformation Plan, and hired the Public Policy Lab — a nonprofit government innovation consultant — to evaluate the Caretaker AWS program and make recommendations for improving it. NYCHA is still reviewing these recommendations, as well as other ways to improve the scheduling and assigning of janitorial tasks, to ensure cleaner buildings and grounds for residents.
 - NYCHA is working on expanding AWS to cover Maintenance Workers, with a scheduled start date of March 2021. The Maintenance Worker AWS initiative will allow residents to schedule apartment repair appointments in the evenings and on weekends.

- **Property-based Budgeting**
 - NYCHA is strengthening the property-based budgeting process to enable Property Managers to develop and manage their properties' budget.
 - The current process requires Property Managers to submit funding requests to the Borough Offices for a first round of approvals before the requests go to Operations leadership for approval.
 - With the new system, Property Managers can directly purchase development-managed contracts, supplies, equipment, and other needs up to a certain amount and for larger items work directly with Operations leadership for approval to proceed.
 - Property Managers have received initial training in 2020 to participate in the FY2021 budget process. Training topics include basic and advanced budgeting concepts, general ledger account structure, effective use of financial reporting tools, and HUD asset management concepts.

- **Annual Recertifications**
 - In January 2020, NYCHA initiated a project with the Service Design Studio (SDS) from the Mayor's Office for Economic Opportunity to improve the Annual Recertification process for both employees and residents.
 - SDS provided several recommendations to improve the process for Housing Assistants and residents:
 - NYCHA must clearly communicate the rent calculation process to residents by including definitions of common terms, explanations on how information is used, and clear directions on how residents can ask questions.
 - NYCHA should simplify the Annual Recertification documentation submission process and make communication about that process clearer for residents.
 - NYCHA should ensure privacy for residents using self-service kiosks to complete their recertifications and should work with external partners to create additional ways for residents to complete their recertifications.
 - NYCHA's Public Housing Tenancy Administration Department used the SDS recommendations to lead a redesign of the Annual Recertification process, built in partnership with resident leaders.
 - NYCHA's Information Technology team is currently testing the new ePortal with residents before rolling out the new Annual Recertification process.

Central Office Reorganization & Business Process Strategies

NYCHA proposes changes to the way that the central office supports property management and maintenance operations. Here are some key central office strategies:

- Human Resources (HR)

- HR will implement a Human Capital Management (HCM) system to provide HR staff with easy access to all information needed to perform their duties, including staff vacancy data from Finance (which is currently difficult to access). This system will also automate many HR processes that are currently done manually, increasing efficiency and transparency.
- NYCHA will empower and support staff through enhanced employee engagement and recognition efforts. That includes equipping employees for success through professional development, strengthening pathways for career advancement within the Authority, and restarting several employee recognition programs.
- HR’s Learning and Development (L&D) Unit
 - The “NYCHA University” learning management system provides staff with self-selected educational content as well as mandatory trainings, helping employees gain knowledge and advance in their careers.
 - Under the new Neighborhood Model, Neighborhood Administrators will work with L&D to create annual Neighborhood Training Plans which identify specific learning needs. In addition, Property Managers and other development-level staff will have access to new resources that promote career growth.
 - NYCHA will adjust its performance evaluation process for managers to focus on core competencies and organizational goals that indicate leadership understands the requirements of their roles, takes responsibility for their duties, and are held accountable for performance.
- Supply Chain Management
 - NYCHA hired a new Chief Procurement Officer to oversee changes to the Authority’s complicated procurement process and inadequate practices as a business partner, so that NYCHA contracts attract the best possible vendors.
 - NYCHA will move to a procurement model in which buyers, contract specialists, lawyers, and business unit representatives operate in formal teams, enabling collaboration and compliance with requirements. Additional changes to procurement workflows are also in progress.
- Compliance and Environmental Health and Safety (EH&S) Departments
 - Compliance and EH&S report regularly on systemic, agency-wide challenges as well as on the progress toward achieving the performance goals of each area of the HUD Agreement.
 - Compliance and EH&S will conduct a portfolio-wide risk assessment twice a year to determine which developments are at the greatest risk of non-compliance with the HUD Agreement. The results of this analysis will be used to prioritize on-site monitoring at specific developments. Compliance will provide technical assistance to developments that have difficulty with correcting deficiencies.

- EH&S will conduct a data-driven Root Cause Failure Analysis for elevators suffering frequent outages and for heat outages lasting more than 12 hours, to provide the relevant departments with recommendations for better maintaining these critical building systems.
- Information Technology (IT)
 - Under the direction of the recently hired Chief Information Officer, IT will develop a comprehensive strategy for modernizing NYCHA’s technology.
 - IT will establish a centralized system to better understand and manage the business needs of NYCHA departments and eliminate redundancy in IT systems and processes.
 - NYCHA hired its first Chief Information Security Officer, who will oversee enhancements to the Authority’s IT security.
 - IT will continue to improve its IT help desk functions.
- Community Engagement and Partnerships
 - NYCHA is currently negotiating a new memorandum of understanding (MOU) with the Citywide Council of Presidents (CCOP), which represents the interests of NYCHA residents. The Authority will pursue several ways to strengthen its partnership with resident leadership, including:
 - Making Resident Association elections more accessible to all residents, including by offering remote voting options.
 - Ensuring regular communication between Property Managers and Resident Association leadership under the new Neighborhood Model and ensuring regular meetings between NYCHA leadership and the CCOP.
 - Involving residents in the planning on capital improvements and development-level operations.
 - Using private funding, NYCHA will expand existing partnerships and develop new initiatives in community and workforce development, youth and senior services, and social services.
 - In implementing the Transformation Plan’s initiatives, NYCHA will stand up a Resident Roundtable to get specific feedback and guidance from residents. The Roundtable will make recommendations on matters such as lease enforcement and compliance; quality of life and stewardship; safety and security; feedback channels; and quality assurance. The Roundtable will consist of subcommittees for each of these categories.
- External Affairs & Communications
 - NYCHA’s Department of Communications will hire six additional staff members to manage communications on initiatives outlined in the Transformation Plan, ensuring that residents and other partners are fully informed about how the coming changes will affect them.

- Strategy & Innovation
 - The Performance Tracking & Analytics Department will lead the creation of a NYCHA-wide data governance system, which will help ensure that NYCHA’s data are as accessible, accurate, and up-to-date as possible. This system will:
 - Establish data managers within each of the Authority’s business areas who will serve as experts on the data kept in their areas;
 - Establish and enforce a clear, centralized process for requesting, reporting, and monitoring data; and
 - Make data more accessible and useful for the day-to-day work of property management and other development staff.
 - NYCHA will invest in cutting-edge technologies that provide visibility into the condition of buildings and building systems. Installation has already begun of a building management system that provides real-time feedback on the performance of equipment and other assets.
 - NYCHA will develop new organizational key performance indicators by the end of 2021 that will measure both progress toward Transformation Plan goals and the overall performance of property management and related departments.
 - Monthly NYCHA-STAT (Statistics, Trends, and Tracking) meetings will bring together executive staff to review performance at the borough, neighborhood, and development levels, as well as NYCHA-wide. These regular reviews will hold executives and Borough and Neighborhood staff to account for the performance of their departments; identify areas where staff need more assistance or training; and enable senior staff with varying expertise to provide insights on particularly challenging issues.
- Law Department
 - NYCHA is assessing new options for lease enforcement that will lighten administrative burdens on development staff and ensure that lease rules are enforced consistently across developments.
 - NYCHA will utilize data on households’ rental history and other contextual information to holistically consider the circumstances of each case allowing staff to recommend non-judicial interventions – such as referral to social services, rapid repairs, or rent adjustments – that may be more appropriate and effective in enforcing lease rules.

Asset Information Systems

NYCHA needs to better understand how our assets – the land, buildings, and their many components – are performing, as well as when and why they break down. To properly allocate maintenance resources and capital investments, NYCHA must unite data resources produced by numerous departments, including work order history, asset warranties, and real-time temperatures and other conditions inside buildings. The following strategies will help integrate

these resources and make them useful to Property Managers and other development staff responsible for NYCHA’s asset management plans.

- NYCHA will develop an Asset Information Strategy (AIS) that outlines the policies, organizational objectives, and scope of NYCHA’s asset management system. This will include the creation of an asset inventory and a process for documenting asset lifecycles, current condition and performance, and the status of capital needs.
- Based on business requirements outlined in the AIS, NYCHA will invest in a comprehensive Asset Information Management System. Geographic information systems, including 3-D modeling of buildings, will make asset data accessible and valuable for NYCHA departments such as Capital Projects and Operations.

Portfolio Planning

While the proposed changes in this plan are necessary to improve the organization and the way we do business, these organizational and process changes alone cannot address all of NYCHA’s longstanding challenges. To meaningfully improve building conditions and ensure NYCHA’s long-term success, we must invest a significant amount of money into NYCHA’s housing.

Capital Projects

NYCHA’s Five Year Capital Plan (2020-2024) outlines approximately \$4.5 billion in capital improvement projects such as infrastructure improvements, major modernizations, and other major upgrades as well as the repair and fortification of developments damaged or impacted by Superstorm Sandy. The Plan is based on the capital funding that the Capital Project Division (CPD) is expected to receive from the federal government, capital funding from local elected officials and the City of New York, funding from the State of New York, and Superstorm Sandy disaster recovery funding. Of the \$4.5 billion dollars:

- 26% (\$1.2 billion) is from Annual Federal Capital Grants¹;
- 61% (\$2.77 billion) is from the City of New York;
- 10% (\$450 million) comes from the State of New York; and
- 8% (\$539,084,000) comes from other sources (Community Development Block Grant, Disaster Recovery, and Other.)²

Eighty-six percent (\$3.9 billion) of the funds is allocated to address items directly related to the HUD Agreement, including deteriorated heating systems, elevators, waste management systems, facades, and roofs, lead abatement, and work to address the root causes of mold. The

¹ In FY 2020 and 2021, CPD’s percentage of the annual federal capital grant was reduced in order to fund operating transfers.

² Capital Plan information per Adopted Budget for FY 2020 and The Four-Year Financial Plan FY 2021 – 2024. March 2020.

remaining 14 percent (\$600 million) is allocated towards quality of life projects³, energy, safety and security, and other compliance areas such as Section 504 accessibility projects.

Key strategies of the capital investment efforts include:

- Beginning in 2021, the Contract Scope Development department within Operations will be absorbed into CPD, to unify procurement for complex, multi-trade projects and ensure that all necessary components are completed together.
- CPD implemented a strategic building sequence when planning development work, starting with sealing the building envelope and progressing to interior repairs of building systems. Projects are prioritized in a data-driven manner, using criteria such as the physical condition of assets, operational performance, ability to reduce maintenance need, and the potential to realize economies of scale.
- NYCHA will request from HUD several changes that will allow the Authority to capture savings that come from reducing utility costs, including from rate-reduction agreements.
- CPD will update many of its procedures to reflect the transition to a digital project management platform. These will include the use of a project charter for all new projects that identifies project management staff, stakeholders, and project scope, as well as the expanded use of key performance indicators to monitor project timeliness, safety, and quality.
- CPD will use design-build for some projects now that the State legislature has made that advantageous capital building process available to NYCHA

Stabilization Strategy

NYCHA's 170,000 apartments currently need about \$40 billion worth of major repairs. This astonishing figure grows at a rate of about \$1 billion a year. NYCHA envisions that the organizational changes described in the Transformation Plan will happen in parallel with the significant capital investments described in the Authority's **Stabilization Strategy**, which creates NYCHA's first-ever portfolio-wide capital investment plan (that is, a plan to address the needs of every building) and builds on the foundation of NYCHA 2.0, PACT, and other previous housing preservation efforts.

³ It is important to note that these quality of life projects are funded with discretionary grants from elected officials and are received by CPD with a pre-defined scope and location. These include community center renovations, playgrounds, basketball courts, etc.

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

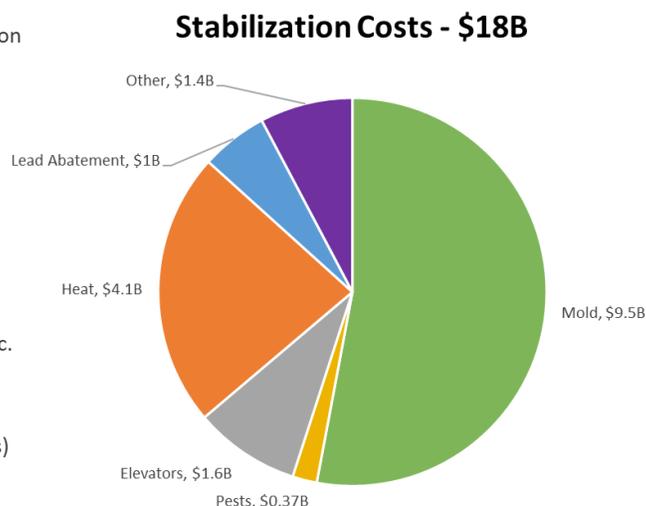
- Dramatically reduce outages

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



The creation of a fully public Public Housing Preservation Trust is central to this strategy. Certain NYCHA properties would be leased to the Trust, which would have access to new and valuable federal funding in the form of Tenant Protection Vouchers. After attaching these vouchers to particular buildings, the Trust would issue bonds to finance much-needed capital repairs. NYCHA staff would continue to manage and maintain the properties, and tenants would keep all of the rights and protections currently provided by NYCHA leases.⁴

Real Estate Development

- The Real Estate Development Department will continue to form public-private partnerships to reinvest in and rehabilitate NYCHA’s developments, as part of the strategies described in the NYCHA 2.0 plan to address \$24 billion in capital needs. Under the Permanent Affordability Commitment Together (PACT) initiative, NYCHA is converting 62,000 apartments (a third of its portfolio) to the Project-based Section 8 program, which will allow NYCHA and its development partners to finance necessary building repairs and improvements. The Build to Preserve and Transfer to Preserve initiatives will finance major repairs at an additional 10,000 to 15,000 apartments.

Leased Housing

- NYCHA’s Leased Housing Department (LHD), which distributes and oversees Section 8 Housing Choice Vouchers for city residents, is reviewing its operations and policies to meet the growing needs for functions such as Annual Recertifications and Housing Quality Standards inspections as PACT Section 8 conversions continue.
- To facilitate the transition from NYCHA management to management under PACT partners, LHD is piloting a program that provides unauthorized occupants of PACT

⁴ The creation of the Public Housing Preservation Trust is not part of the HUD Agreement’s requirements and is considered separate from the Transformation Plan for the purposes of approval and implementation.

properties with a limited-time opportunity to sign a PACT lease and obtain Section 8 assistance.

Implementation Plan

The Transformation Plan will be followed by the Implementation Plan, which will be developed collaboratively with HUD, SDNY, the Monitor, residents and other stakeholders. Together, the Transformation Plan and the following Implementation Plans comprise the Organizational Plan required pursuant to Paragraph 46 and 47 of the HUD Agreement.

The Implementation Plan will detail the actual organizational and business process reforms that NYCHA will implement, in light of available resources and other constraints, to achieve the organizational change required by the HUD Agreement. The reforms will be supported by modeling and analysis, and they will adequately address a list of topics provided to NYCHA by the Monitor, HUD, and SDNY as well as the recommendations made by the management consultant hired pursuant to the HUD Agreement. NYCHA's focus on continuous improvement is reflected in the numerous business processes and organizational changes described in this plan. To implement these strategic priorities, NYCHA will closely track what is working and what is not, ensuring the employees and stakeholders remain engaged and committed to the Transformation. Phase 1 of the Implementation Plan will be submitted for approval on September 30, 2021, with a follow-up Phase 2 submitted on June 30, 2022. NYCHA will begin implementing some of the strategies in this Plan immediately, including the Neighborhood Model, property based budgeting, and the Annual Recertification ePortal.