



PACT

Unfunded Units

Creating a Permanent Affordability Commitment *Together*

Frequently Asked Questions (FAQs)

What is Permanent Affordability Commitment Together (PACT)?

PACT is a critical part of *NextGeneration NYCHA*, the Authority's 10-year strategic plan to repair public housing to improve residents' quality of life. Under PACT, NYCHA seeks to identify resources and opportunities to make major improvements to developments, while preserving long-term affordability and maintaining strong resident rights. PACT includes portfolios under the federal Rental Assistance Demonstration (RAD) and NYCHA's Unfunded Units (also known as LLC II and PACT City/State Developments). PACT creates public-private partnerships to repair and manage the developments.

What are the goals of PACT?

- Raise money through new financing options for critically needed repairs
- Maintain long-term affordability for residents
- Protect resident rights
- Create public-private partnerships that retain NYCHA's oversight role

What are the Unfunded Units?

NYCHA has eight (8) developments that receive no public housing funding. The developments were originally funded by New York City and New York State subsidies, but never directly by the U.S. Department of Housing and Urban Development (HUD). The City and State funding ended in the early 2000s. These developments currently "share" in the federal funds provided for NYCHA's public housing.

How much do these units cost to operate?

The Unfunded Units cost NYCHA more than \$20 million a year to operate. While NYCHA has maintained the operations through other budgets, the units also require more than \$1 billion in capital repairs, which the Authority has been unable to meet.

What happens to these units under PACT?

Of the Unfunded Units, approximately 2,000 are already part of the Section 8 program. The PACT conversion will provide the remaining Unfunded Units with Section 8 subsidy.

Why is NYCHA bringing the Unfunded Units under PACT?

Federal disinvestment in public housing has resulted in a severe funding gap and almost \$31.8 billion in unmet infrastructure needs. To make significant repairs, more effectively manage this portfolio, and strategically deploy NYCHA's limited financial resources, the Unfunded Units have been brought under PACT. Under PACT, NYCHA and its development partners will financially stabilize these apartments, protect their affordability, prevent them from falling into complete disrepair, and protect residents' rights.

What does it mean to "financially stabilize" the units?

Shifting the units to the Section 8 Housing Choice Voucher program will bring new, stable revenue to the developments and allow for substantial improvements to be made to the buildings. Additionally, funding previously diverted for these



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developments from the rest of NYCHA's portfolio will now go towards operation and maintenance at NYCHA's traditional public housing developments.

How are the Unfunded Units different from RAD?

Units in NYCHA's PACT-RAD portfolio are currently funded through federal public housing subsidies (Section 9), whereas the Unfunded Units receive no direct public housing subsidy. Since RAD calls for a conversion of funding from Section 9 to Section 8, NYCHA cannot perform RAD on the Unfunded Units. Nonetheless, the Section 8 conversions for both PACT-RAD and PACT-Unfunded Units are governed by the same principles of preserving strong resident rights and long-term affordability.

Why doesn't NYCHA use RAD for these units?

The units are not eligible for RAD because they do not receive direct public housing funding.

Is this privatization?

No, this is a public-private partnership. PACT is based on creating public-private partnerships between NYCHA and development teams. NYCHA will enter into long-term lease agreements with development partners that will repair and manage the properties and provide social services to the residents. NYCHA will continue to own the land and buildings, participate as part of the development team (typically at 50% of ownership of the lessee), and oversee major decisions as the Section 8 contract administrator, including rent determination and filling vacancies.

How will long-term affordability be guaranteed?

Like public housing, all residents will pay no more than 30% of their adjusted gross income towards rent. Long-term affordability will be required under HUD's Section 8 contract and the NYCHA ground lease with the development partner.

What rights will residents have?

PACT residents have similar rights as residents in traditional public housing, including the right to a hearing to resolve any grievances along with succession rights.

What repairs will be made?

Repairs for each development will be based on that development's physical needs assessment and resident input. Repairs could include roof replacements, façade upgrades, new kitchens and bathrooms, renovated common spaces, upgraded lighting, enhanced security features, and improved outdoor areas.

How does this affect property management?

Post-conversion, a third-party property manager, which will be part of the development team, will operate the property instead of NYCHA.

What if the new property manager is not doing a good job?

NYCHA will have an ownership interest in the development and can change property managers if the management company fails to uphold their commitments.

Will residents still be part of NYCHA?

Yes, residents will be participants in NYCHA's Section 8 program.



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How much rent will residents pay after the conversion?

Residents will pay no more than 30% of their adjusted gross income towards rent.

What if a resident earns too much to qualify for Section 8?

Current public housing residents in the converting developments who earn up to 80% of Area Median Income (AMI) will qualify for a Section 8 project-based voucher. Residents who earn more than 80% of AMI will not qualify for a Section 8 voucher but will be allowed to remain in their unit. Their rent will be whichever is lower: 30% of their income or the Section 8 contract rent for the unit.

Are the Section 8 vouchers portable?

One year after the Section 8 conversion, a family can move out of their unit with a "Choice Mobility" tenant-based voucher, subject to funding availability. The voucher program allows tenants to move anywhere in the United States where Section 8 vouchers are accepted.

How will new residents be chosen when there are vacancies?

Vacancies will be filled through a NYCHA Section 8 site-based wait list.

Will there be annual inspections?

Yes, units will be inspected according to the Section 8 Housing Quality Standards (HQS). If a unit passes inspection, it may be inspected every two years. If a unit fails inspection, it will be inspected every year. A resident can request an inspection of their unit at any time.

Will residents be forced to move under PACT-Unfunded Units?

No. Residents will not be asked to move or be displaced. No relocation is planned. Residents converting to Section 8 under RAD will not be re-screened for program eligibility. Additionally, the rehabilitation work will occur with tenants-in-place in order to minimize disruption to residents' lives. Residents with medical conditions may be accommodated during the construction period.

Can residents opt out of PACT?

No. All residents in PACT developments, both RAD and Unfunded Units, will remain in their development and convert to Section 8. Any resident who wishes to remain in the public housing program may request a transfer, but the transfer must be for a valid reason, such as that the apartment is uninhabitable due to fire or flood, the tenant has a special need due to a disability, or the apartment is under- or over-occupied. There are currently more than 203,000 families on NYCHA's public housing wait list and more than 8,000 families are awaiting a transfer. Vacancy within NYCHA's public housing developments is less than 1% and transfers are extremely difficult to fulfill.

What is the timeline for the PACT-Unfunded Units conversions?

In December 2018, NYCHA closed on **Baychester Houses** and **Murphy Houses** in the Bronx, thus completing the PACT conversion of these two developments. The development partner for Baychester and Murphy is MBD Community Housing Corporation, Camber Property Group, and L+M Development Partners. The conversions at **Independence Towers** and **Williams Plaza** in Brooklyn began in mid-2018. Resident engagement is ongoing at these developments and a development partner will be selected in early 2019, with closing expected in late 2019. Resident engagement began at **344 East 28th Street** and **Wise Towers** in Manhattan in early 2019; a development partner will be selected in mid-2019



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with closing expected in late 2019/early 2020. In Spring 2019, resident engagement began at the remaining two unfunded developments – **Linden Houses** and **Boulevard Houses** in Brooklyn – which are expected to convert to Section 8 by the end of 2020. NYCHA will continue to share information to ensure that residents remain informed of the most current timeline.

How can I learn more about PACT?

Please attend resident meetings to engage directly with NYCHA and our development partners. For more info, please visit <http://on.nyc.gov/nycha-pact> or reach out at pact@nycha.nyc.gov or (212) 306-4036.