

A Blueprint for Change

New York City Housing Authority (NYCHA)

Fall 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

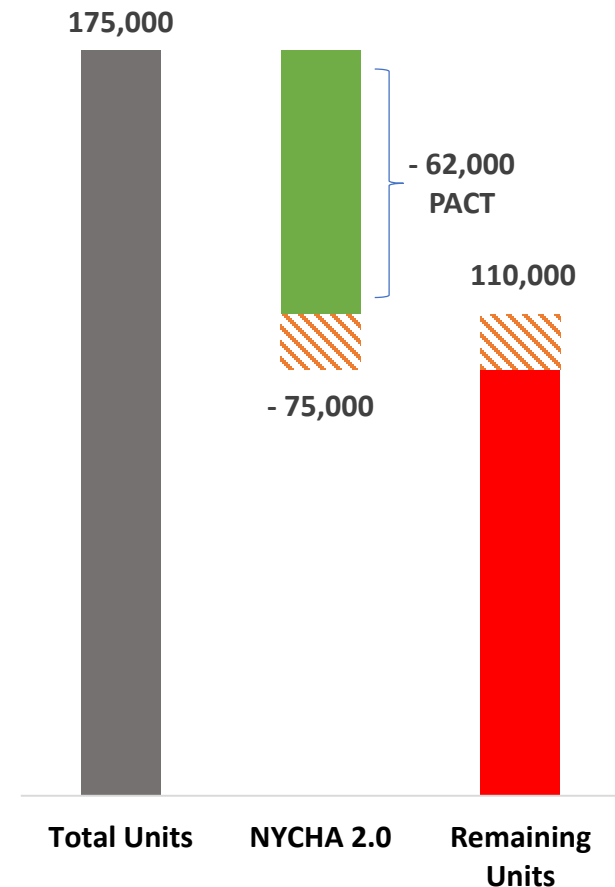
- PACT program is financing full renovations for 62k apts
- Other NYCHA 2.0 programs will fund add'l repairs

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

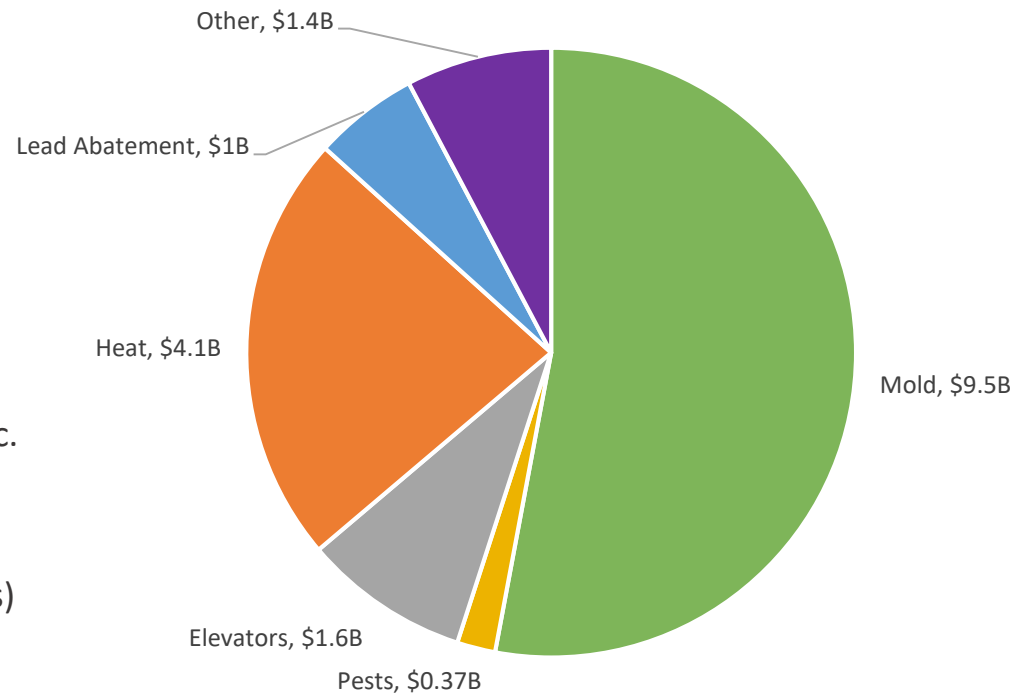
Pests: \$370 Million

- 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



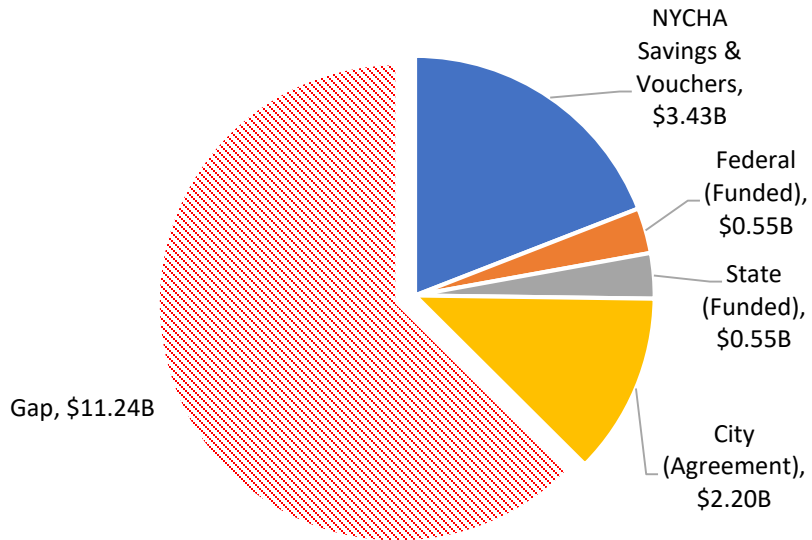
But to **fully revamp** the properties (e.g. to address community centers, grounds, cladding, etc.), NYCHA would need an **additional ~\$7B** – for a **total of \$25B**

Current Funding Gap

NYCHA Projected Capital Gap

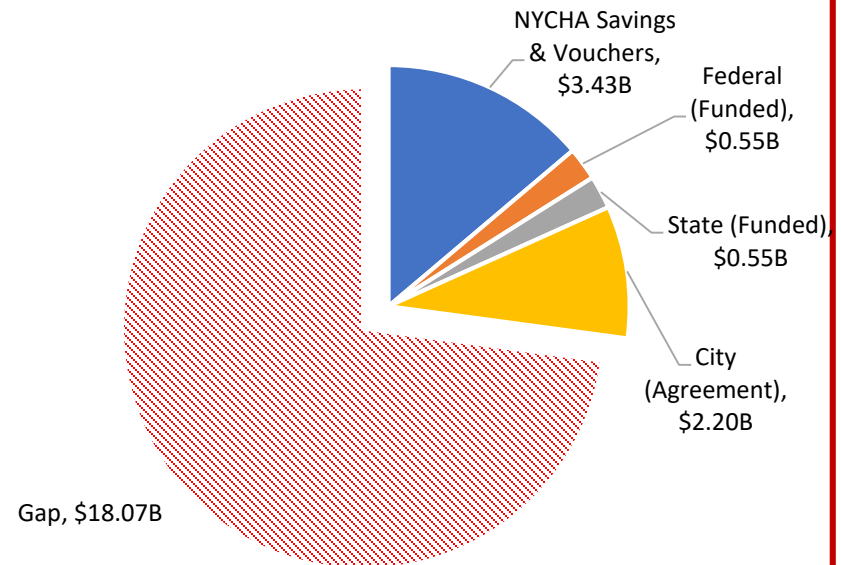
	Stabilization	Full Scope
Total Costs	\$17.97B	\$24.80B
Total Secured	\$6.73B	\$6.73B
NYCHA Savings & Vouchers	\$3.43B	\$3.43B
Federal (Funded)	\$0.55B	\$0.55B
State (Funded)	\$0.55B	\$0.55B
City (Agreement)	\$2.20B	\$2.20B
Projected Gap	\$11.24B	\$18.07B

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

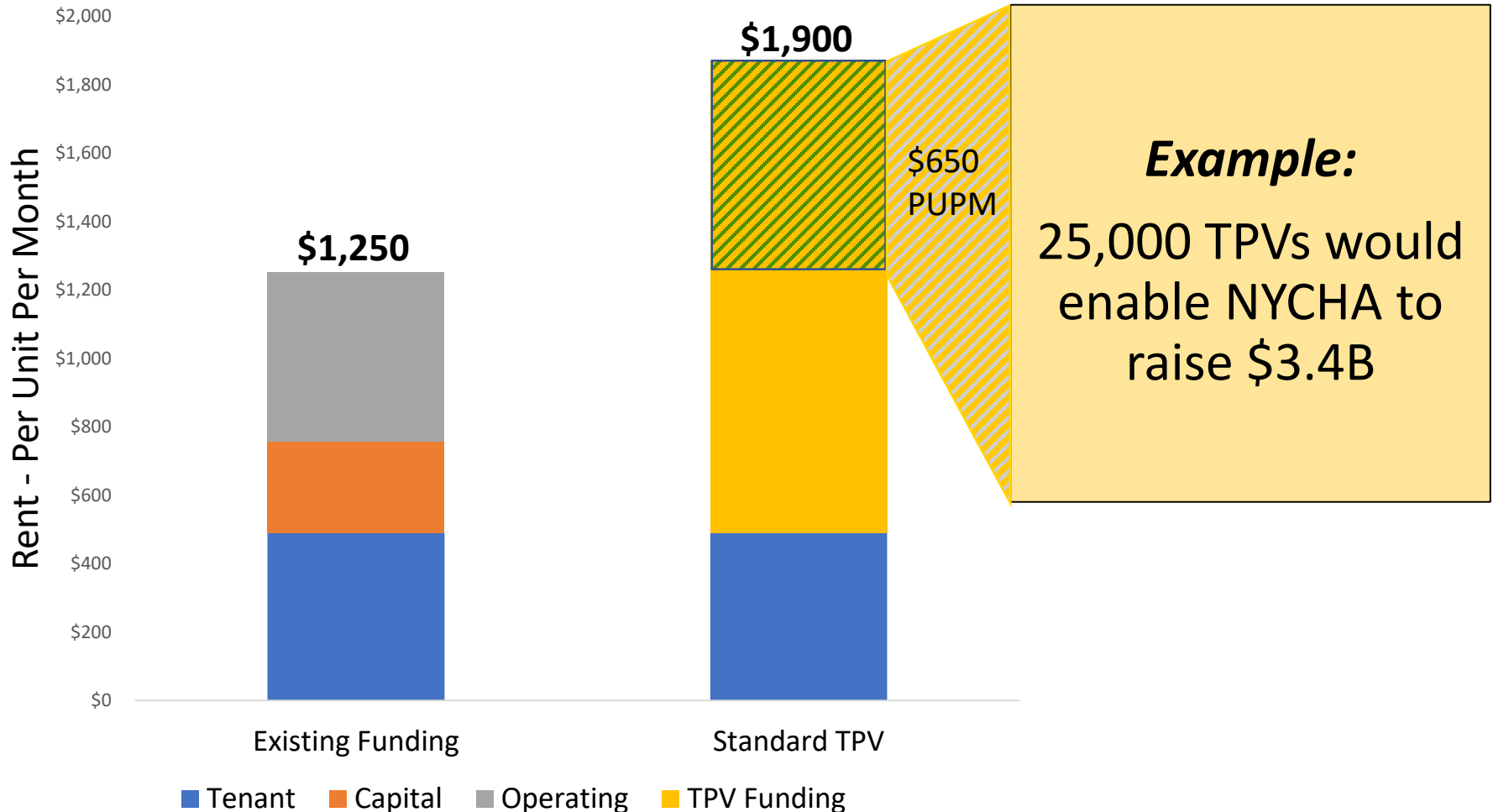
||
3
PRESERVE

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



Leveraging Tenant Protection Vouchers (TPVs)

Using TPVs for Upfront Repairs

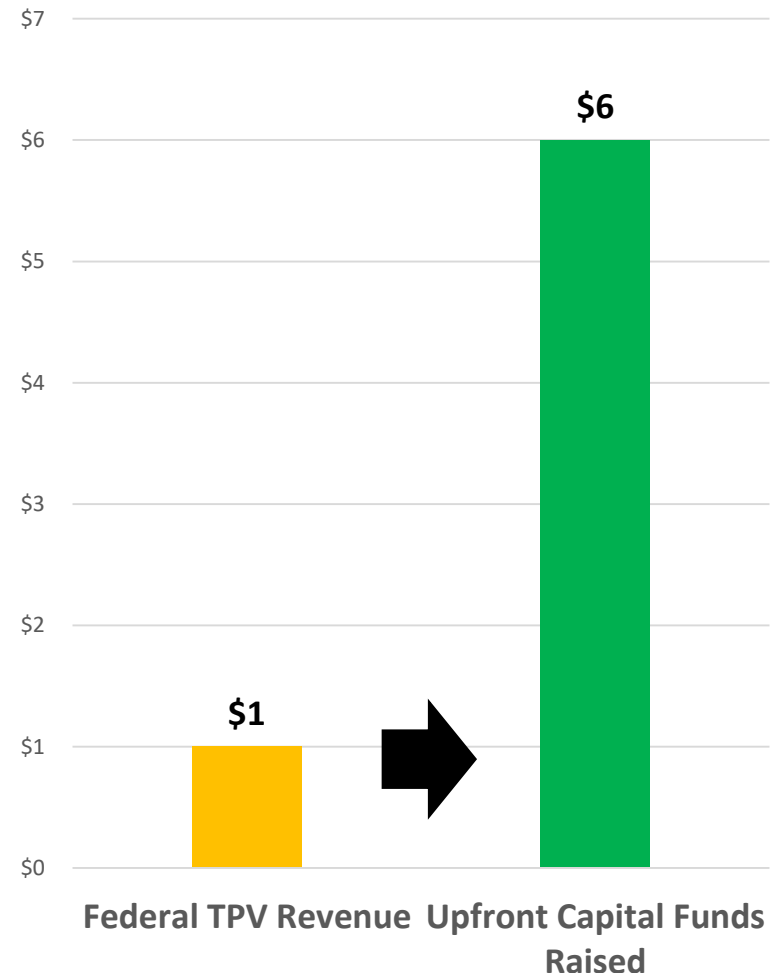
- NYCHA seeks the ability to “pool” TPVs together before project-basing them to specific units
- This “interim use” of the TPVs would enable NYCHA to raise funds to do upfront repairs **now**

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**

Multiplier Effect of Federal TPV Revenue



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

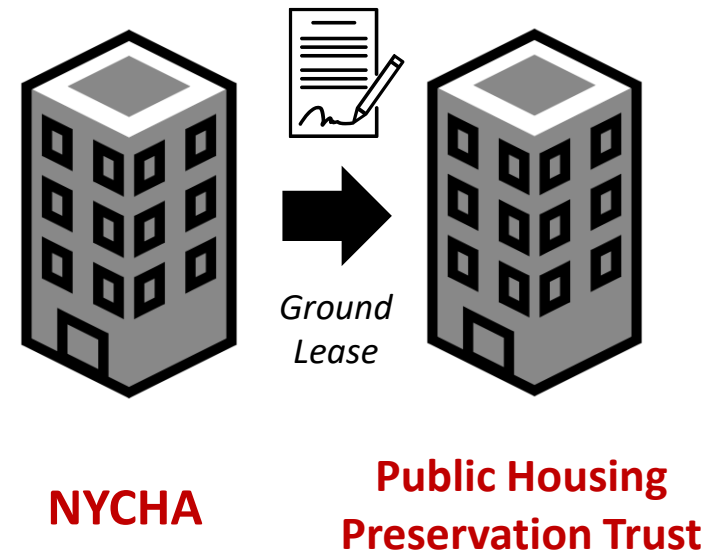
How It Works

- 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

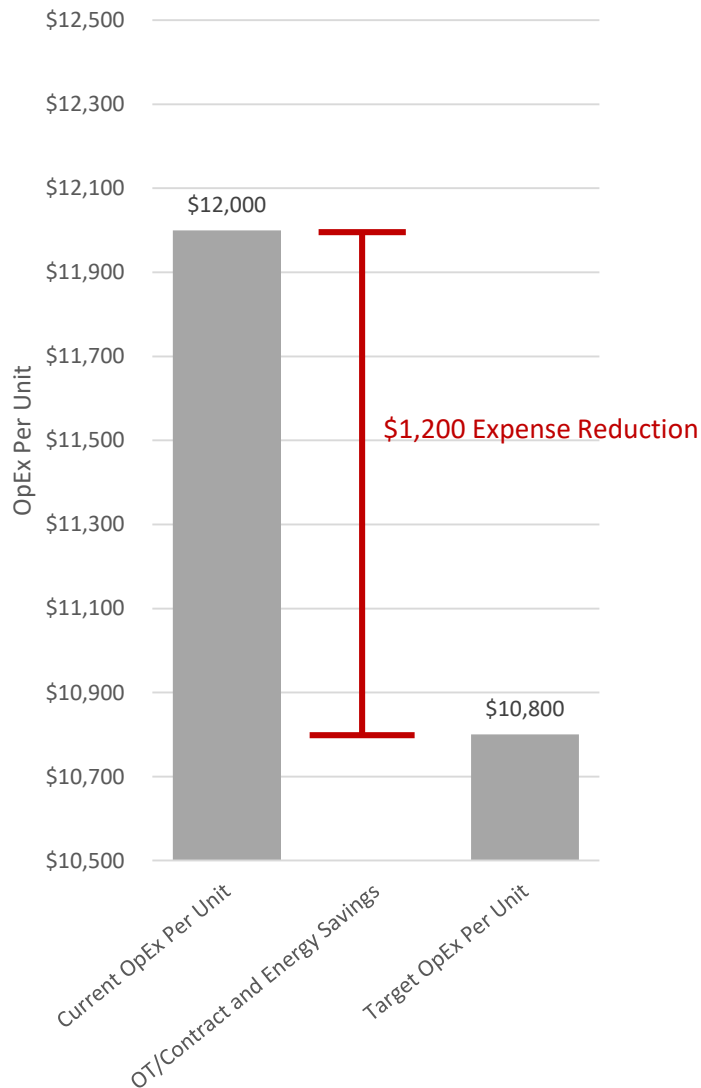
Results

- 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



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

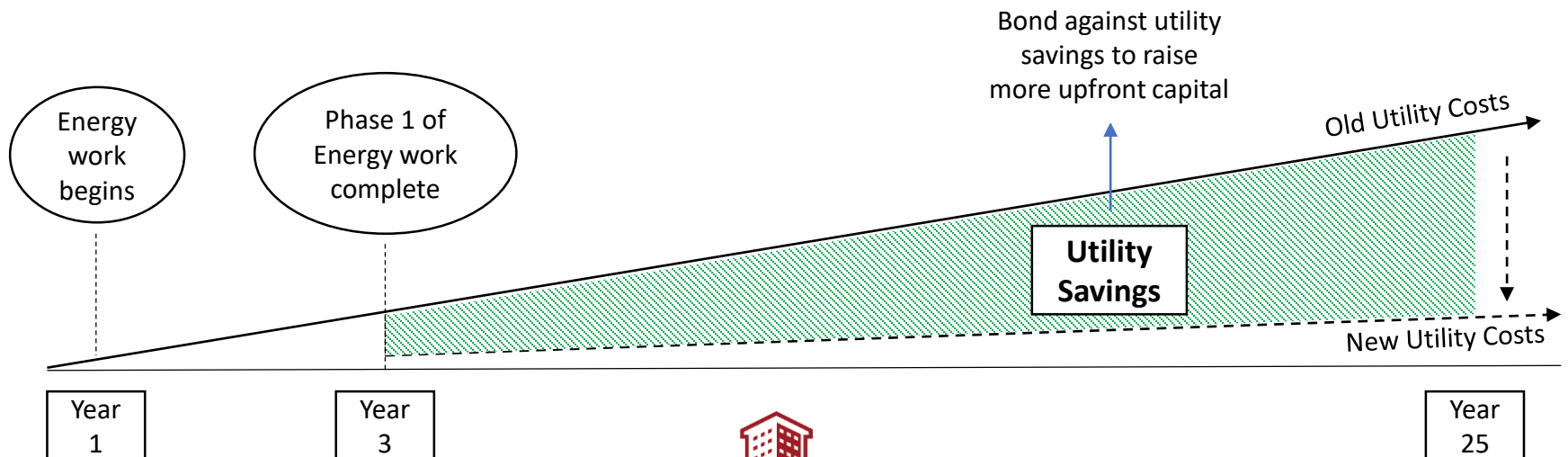
Beyond Capital Repairs: Energy, Jobs, Health, Recovery

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



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

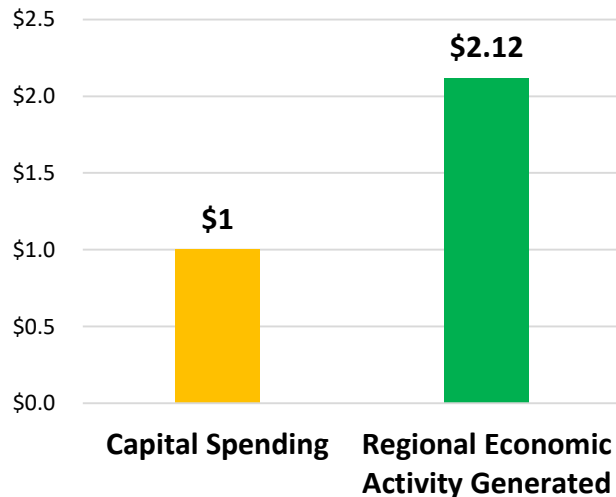
Beyond Capital Repairs: Energy, Jobs, Health, Recovery

NYCHA Stabilization would mean **a healthier NYC & regional recovery**

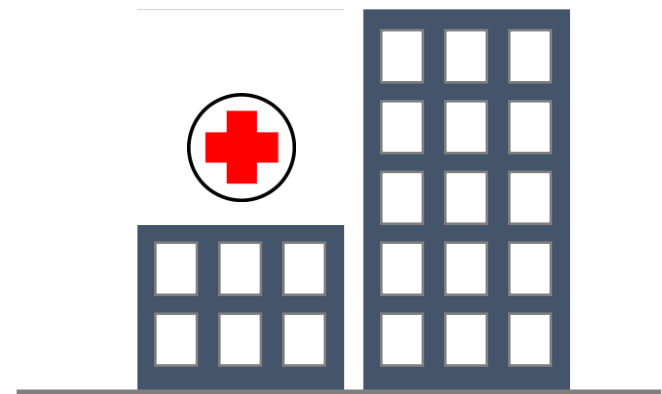
3) Catalyze NYC's recovery efforts by improving health and boosting the local economy

- 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**



**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)

