

# **Executive Summary**

## **NYCHA's Proposed Amendment to Agency Plan for FY 2006**

Federal law allows public housing authorities to modify or amend its annual plan. Significant amendments of the Plan are subject to the same requirements as the original plan.

NYCHA began the planning process with the announcement of its preliminary spending plan in December 2005. Between January and March, NYCHA met with the Resident Advisory Board (RAB) to discuss the Authority's deficit. Since the draft Amended Plan was released in April, NYCHA has met with the RAB five (5) times. In addition, NYCHA staff has met over 200 times with resident groups, elected officials and concerned citizens to discuss Plan issues. NYCHA provided a 45-day public review period, held five (5) town hall meetings and a public hearing to receive comments from residents and the public on the draft Amended Plan. In addition, written comments on the draft amended Plan were provided through the post office box that NYCHA maintained during the statutory review period.

Following the public hearing, the Authority will again meet with the RAB to obtain their final comments. The Authority will revise the draft Plan based upon comments received from the RAB and the public. The amendments to the plan will be submitted to HUD for review. HUD has 75 days in which to consider the Plan Amendments. The amended plan will be in effect during the remainder of Calendar Year 2006.

The modifications to NYCHA's FY 2006 annual plan includes critical components of the Authority's overall Plan to Preserve Public Housing which includes: a financial plan that achieves long-term financial stability for NYCHA; expanding the stock of affordable housing; and improving the quality of core services to residents while maximizing efficiencies.

### ***NYCHA's Financial Plan and Budget***

NYCHA's Board has approved a spending plan for 2006 and a financial plan for 2006 - 2009. This plan is currently available on NYCHA's web page, which is located at [www.nyc.gov/nycha](http://www.nyc.gov/nycha). Although the plan reflects persistent underfunding and increased costs, it includes an unprecedented \$100 million commitment from the City of New York and preserves core services to residents and continues major capital investments in NYCHA's portfolio. The plan maintains NYCHA's commitment to the long-term viability of affordable public housing for current and future NYCHA residents.

NYCHA was recently awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada for its comprehensive annual financial reporting.

NYCHA is committed to increasingly aggressive efforts to advocate for funding flexibility and critical dollars to support housing for low- and moderate-income New Yorkers. In this time of limited Federal resources, NYCHA needs funding flexibility between its capital, operating and Section 8 programs. It is essential that NYCHA have the ability and the flexibility to utilize every cent that is allocated to it, rather than having savings returned or recaptured by HUD. Another route to achieve this goal is federal Moving-To-Work (MTW) designation. If NYCHA is admitted to MTW, it will not request any change in the format used to calculate rent, nor will it impose time limits or seek any modification to the law's present income targeting requirements.

### ***Limited Rent Reform Initiative***

Rent is a critical source of revenue for the day-to-day operations of NYCHA's 344 public housing developments. It is the only source of revenue over which NYCHA has direct control. NYCHA has not adjusted its rents since 1989.

NYCHA seeks to increase rent for only the segment of NYCHA households (27%) who pay flat rents. These households will be divided into three levels, and rent increases will be 10%, 20% and 40% respectively, over a two-year period. In no case will any rent exceed 30%

of income. The vast majority of NYCHA households (73%), whose incomes average \$11,587 and who already pay 30% of the family income towards rent, will not be affected by this increase.

To review more detailed information concerning the Limited Rent Reform Initiative, visit NYCHA's website at [www.nyc.gov/nycha](http://www.nyc.gov/nycha).

## ***Federal Policy Issues***

NYCHA continues to maintain and improve the quality of services provided to residents while managing in a constrained fiscal environment. NYCHA's federal operating subsidy has not been fully funded since FY 2002. The cumulative funding shortfall since FY 2001 is \$258.6 million and has necessitated limitations on hiring and reductions in critical expenditures. Additionally, the national Public Housing Capital Fund allocation continues to decline, decreasing 13 percent from 2001-2006.

In 1998, Congress mandated that HUD work with the public housing industry to create a new formula for allocating operating subsidies. The final rule on the new formula was issued in September 2005 and HUD guidance was issued in March 2006. The new formula includes a requirement that by October 1, 2006, NYCHA use property-based budgeting, accounting and management (also called "asset management") or be subject to a significant reduction in subsidy during FY 2007. If NYCHA is deemed out of compliance, the loss of subsidy will escalate to \$60 million over the next five years. NYCHA is on track to meet the compliance deadline.

In order to achieve financial stability, NYCHA will petition HUD to provide relief from other unfunded mandates such as Community Service, streamline federal rules and regulations, provide relief from non-essential administrative costs and authorize NYCHA to combine all federal funding streams (public housing and Section 8) for maximum financial flexibility.

## ***Section 8***

After having to implement a freeze on the issuance of new Section 8 vouchers in December 2004 due to insufficient subsidy levels and Congressional changes to the funding formula, NYCHA will be able to re-institute new rentals in Spring 2006. As a result of the efforts of Mayor Bloomberg and a nationwide outcry by affordable housing advocates, Congress has increased funding for the voucher renewal program in the past two appropriations, rising from \$13.462 billion in FY 2005 to \$14.089 billion in FY 2006. The President's budget proposes a 2.7% increase in FY 2007 that would raise assistance to \$14.436 billion. In addition, NYCHA received a transfer of 3,400 units from HPD and an award of 7,649 units for Mitchell Lama opt-outs from HUD, allowing the program to grow in size.

Vouchers for new applicant rentals will be made available to new waiting list priorities including victims of domestic violence, intimidated witnesses, referrals from both the Administration for Children Services (ACS) and Department for Homeless Services (DHS), set asides for project-based and Mitchell Lama conversions, families on NYCHA's non-emergency waiting list, as well as residents and applicants for a portion of the unsubsidized non-federal public housing sites.

## ***Unsubsidized Non-Federal Apartments***

NYCHA manages over 20,000 units that were built and initially financially supported by the City and State. These developments no longer receive operating subsidies from either source. Maintenance of these valuable units as affordable housing has contributed to the increasing drain on NYCHA's federal resources. In 2005, for example, NYCHA was forced to use over \$82 million in reserves to offset the operating deficits at these locations. We can no longer afford to maintain these non-federal units without a sustainable funding source to fill the gap between the rents collected and the costs of operating the buildings.

As a result, NYCHA will leverage a portion of its federal Section 8 funding stream to subsidize the operations of 8,400 City and State apartments. The first steps toward accomplishing this transition will be to use Section 8 for units in City and State developments as they become vacant, and to offer Section 8 vouchers to current City and State development residents on a voluntary basis. A vast majority (71%) of households will see no change in their rent if they select Section 8. NYCHA will continue to own and manage these units and maintain them as affordable housing for low-income New Yorkers. Implementation of this proposal requires HUD approval.

## ***Increasing New York City's Stock of Affordable Housing***

In February, Mayor Bloomberg expanded the New Housing Marketplace Plan which has grown from a \$3.4 billion plan to build and preserve 68,000 units by 2008, to a \$7.5 billion plan to build and preserve 165,000 units by 2013. This is the largest municipal affordable housing plan in the nation's history and will provide affordable homes for 500,000 New Yorkers. NYCHA is a critical partner in this plan and, through joint initiatives with the Department of Housing Preservation and Development (HPD) and the Housing Development Corporation (HDC), currently has 1,300 units in the pipeline for redevelopment citywide including University Macombs, Brook/Willis, Markham Gardens, Prospect Plaza, Metro-North, Harborview, Chelsea Elliot, Fulton, Stapleton, and Fabria Houses. NYCHA will also use underutilized space for development at Linden and Boulevard Houses in collaboration with the aforementioned agencies.

### ***Victims of Domestic Violence***

NYCHA continues with its efforts to be responsive to the needs of victims of domestic violence (VDV) applying for or residing in public housing while balancing the need to manage availability of a scarce housing resource. Based on residents' and advocates' comments and concerns, acceptable documentation to establish VDV priority for housing is expanded to include hospital/medical documentation or a letter from a NYPD Detective, and, for transfers, a Parole Officer letter if the perpetrator is incarcerated. For applicants, a Court Dispute Resolution Center (CDRC) letter will now be accepted.

Also, timeframes for valid documents will be extended for both applicants and transfers. For applicants, the second police report (or an alternative document) can be up to 24 months prior to the eligibility interview, instead of 12 months. For transfers, the validity of this form of documentation will be extended from 6 months to 12 months. Under the new policy, an Order of Protection serving as a secondary document for applicants can be expired as long as it's not older than 24 months prior to filing an application for priority upgrade instead of being valid at the time of the eligibility interview. For transfers, an Order of Protection serving as a secondary document, can be expired as long as it's not older than 12 months prior to transfer request.

The 2005 Violence Against Women Act has housing implications that may impact NYCHA and require additional modifications. NYCHA must await HUD issuance of effectuating regulations before taking further action.

### ***TSAP Modification***

NYCHA is amending its Tenant Selection and Assignment Plan (TSAP) to expedite transfers and alleviate overcrowded living conditions for residents by changing the current structure, where one-third of available rentals are offered to residents awaiting transfers, to a rotation where 50% of available rentals will be offered to existing residents. Additionally, applicants' eligibility will be simplified under the priority given to referrals from the Department of Homeless Services (DHS), HIV/AIDS Services Administration, Administration for Children Services and HPD. NYCHA's admission criteria for public housing and Section 8 will no longer differentiate between City-referred and non-City referred homeless. TSAP will also be modified for the new Section 8 rentals to give top priority to referrals from DHS and residents from City and State developments.