

Executive Summary

NYCHA’s Draft Amendment to the Annual PHA Plan for FY 2018

Federal law allows a public housing authority to modify or amend its Annual PHA Plan or “Plan.” Significant amendments to the Plan are subject to the same requirements as the original plan.

NYCHA’s Draft Amendment to the Annual PHA Plan for FY 2018 (the “Draft Amendment”) is available for public review at NYCHA’s Central Office and at each development’s management office, as well as on NYCHA’s web page (www.nyc.gov/nycha). NYCHA also provided a copy of the Draft Amendment to each public housing Resident Association President and members of the Resident Advisory Board (“RAB”).

NYCHA will hold a public hearing at the Borough of Manhattan Community College (“BMCC”) in Manhattan on May 22, 2018 and will accept written comments on the Draft Amendment through May 23, 2018. Please see the Notice on page 2. NYCHA met with the Resident Advisory Board (“RAB”) members for their comments in four meetings between January and March 2018. There will be two additional RAB meetings in May 2018 on the Amendment to the FY 2018 Annual Plan before it is submitted to HUD for approval.

Housing New York 2.0

Since Mayor de Blasio launched the Housing New York Plan in 2014, New York City has accelerated the construction and preservation of affordable housing to levels not seen in 30 years.

The City is on track to secure more affordable housing in the first four years of the Administration than in any comparable period since 1978. The City has tripled the share of affordable housing for households earning less than \$25,000. Funding for housing construction and preservation has doubled, as have the number of homes in the City’s affordable housing lotteries each year. Hundreds of once-vacant lots have affordable homes rising on them today. Reforms to zoning and tax programs are not just incentivizing, but mandating affordable apartments—paid for by the private sector—in new development.

NextGeneration NYCHA – 100% Affordable Housing and Seniors First

The Authority provides underutilized land for the creation of 10,000 affordable housing units, including a mix of commercial and community uses to provide additional amenities to residents and the surrounding community. The plan to create 100 percent affordable senior and multifamily housing on available NYCHA property was developed in response to resident and advocate calls for more affordable housing options in their communities.

Since the release of the NextGeneration NYCHA plan, NYCHA and the New York City Department of Housing Preservation and Development (HPD) have announced plans for 100% Affordable Housing and Seniors First developments at twelve sites which will result in approximately eighteen hundred new units of senior and multifamily housing. In the summer of 2017 construction began on the first two of these projects at Ingersoll Houses in the Fort Greene neighborhood of Brooklyn and at Mill Brook Houses in the Mott Haven neighborhood in the Bronx.

All NextGeneration NYCHA 100% Affordable Housing and Seniors First developments will advance the goals of Mayor de Blasio's Housing 2.0 plan and help achieve NYCHA's commitment to contribute 10,000 of those affordable units within the decade as part of NextGeneration NYCHA, the Authority's 10-year strategic plan.

The Draft Significant Amendment to the FY 2018 Annual Plan includes the following Senior First developments: Baruch, Bushwick II CDA (Group E) and Sotomayor Houses.

NextGeneration NYCHA – NextGeneration Neighborhoods (50/50)

Centered on resident and community stakeholder engagement, the NextGen Neighborhoods program enables NYCHA to generate revenue to reinvest back into our development sites and across NYCHA by leveraging a 50-50 split of market-rate and affordable housing units.

In 2017, NYCHA and HPD announced selection of a development team at Holmes Towers in Manhattan and in 2018 at Wyckoff Gardens in Brooklyn. Prior to selection, between September 2015 and May 2016, over 1,300 residents participated in meetings, visioning sessions, and charrettes at both developments. All proposals received in response to the Request for Proposals were reviewed by a NYCHA resident members of the Stakeholder Committees prior to selection. NYCHA will continue to engage its residents through the Stakeholder Committees throughout development and construction. The Stakeholder Committees are also working directly with the selected developer by representing the interests and concerns of NYCHA residents, neighbors, and the community. Construction is expected to begin at Holmes Towers in 2019 and at Wyckoff Gardens in 2019 or 2020. NYCHA expects to receive approximately \$62 million collectively for the long-term leasing of these two development sites.

Two additional NextGen Neighborhoods sites were announced in 2017, at La Guardia Houses in Manhattan and at Cooper Park in Brooklyn. A RFP for La Guardia Houses was released in March 2018 and release of a RFP for Cooper Park is anticipated in Spring 2018. Resident engagement began for both sites in 2017.

The Draft Significant Amendment to the FY 2018 Annual Plan includes the proposed development at Cooper Park.

NextGeneration NYCHA - Permanent Affordability Commitment Together (PACT)

NYCHA will use every tool available to protect the affordability of New York City's housing stock and strengthen public housing for this and future generations of New Yorkers. NYCHA's preservation work – called Permanent Affordability Commitment Together (PACT) – centers on converting public housing units to Section 8 with tenants-in-place via federal pathways such as the United States Department of Housing and Urban Development's (HUD) Rental Assistance Demonstration (RAD) and adjacent programs. PACT is NYCHA's initiative to facilitate major improvements to developments while preserving long-term affordability and maintaining strong resident rights through effective public-private partnerships. By leveraging these federal programs and tools, NYCHA will help improve the quality of life for residents, ensuring their apartments and buildings receive much-needed repairs and upgrades while preserving affordability and tenant protections. PACT is a component of NextGeneration NYCHA's 10-year strategic plan to preserve public housing and become a more effective and efficient landlord. Under PACT, NYCHA seeks to shift a public housing development's funding source to Project-Based Section 8 to provide a more stable flow of federal subsidy and to allow NYCHA and its development partners to raise external financing to address the development's capital repair needs.

As the subsidy for a PACT development transitions from either unfunded status or public housing (Section 9) to the Housing Choice Voucher program (Section 8), NYCHA retains ownership and continues to play a key role in decision making and oversight of the development, specifically as the beneficial owner and Section 8 contract administrator. Under PACT rules, all units in the converted development must remain permanently affordable (rent cannot exceed 30% of resident income), which NYCHA will enforce through continued ownership of the land and legal agreements with the development partner. Residents will continue to have the same succession opportunities and grievance procedures under PACT that currently exist for NYCHA's public housing tenants. Residents will retain the right to establish and operate a resident organization and receive funding for that group. Finally, development partners will be required to train and hire NYCHA residents, and proactively engage residents on a regular basis as the project moves forward.

RAD at Scattered Sites in the Bronx and Brooklyn

In January 2017, NYCHA received HUD approval to convert approximately 1,700 units in the Bronx and Brooklyn from public housing to Section 8 Project-Based Vouchers (PBVs). In May 2017, NYCHA issued a Request for Proposals (RFP) to identify development partners to facilitate the conversion of funding, raise financing, perform the required capital rehabilitation, undertake property management, and deliver social services at the 17 affected scattered site developments, which are broken up into three bundles as follows:

1. Bundle 1 (the Bronx): Twin Parks West (Sites 1 & 2); Franklin Avenue I Conventional; Franklin Avenue II Conventional; Franklin Avenue III Conventional; Highbridge Rehabs (Anderson Avenue); Highbridge Rehabs (Nelson Avenue)
2. Bundle 2 (the Bronx): Betances II, 9A; Betances II, 13; Betances II, 18; Betances III, 9A; Betances III, 13; Betances III, 18; Betances V (partial); Betances VI (partial)
- Bundle 3 (Brooklyn): Bushwick II (Groups A & C); Bushwick II CDA (Group E); Palmetto Gardens

In January 2018, NYCHA selected development partners for all three bundles. Construction is expected to begin at the developments in Bundles 1 and 2 in 2018 and at the developments in Bundle 3 in 2019. The Draft Significant Amendment to the FY 2018 Annual Plan includes the proposal to add additional units from nearby developments to Bundles 1 and 2 as follows: Betances I, Betances IV, and the remainder of Betances V and VI to Bundle 2, and Bushwick II (Groups B & D) and Hope Gardens to Bundle 3.

PACT/Unfunded Units (LLC II)

In July 2017, NYCHA announced that it is expanding PACT to protect the Authority's unfunded unit portfolio. This portfolio consists of eight (8) conventional public housing developments known as the "LLC II developments" and currently receive no public housing funding. Previously, NYCHA's PACT program was synonymous with RAD. To make significant repairs, more effectively manage the developments, and strategically deploy NYCHA's limited financial resources, NYCHA is expanding PACT to create additional public-private partnerships and actively bring the unfunded units into the Authority's Housing Choice Voucher (Section 8) program.

The LLC II developments were originally built and funded by New York City and New York State subsidies but were never funded directly by HUD. These developments currently "share" in the federal funds provided for NYCHA's public housing. This costs NYCHA more than \$23 million a year. Additionally, the eight developments require \$775 million in capital repairs, but while they remain unfunded, the buildings continue to deteriorate.

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 apartments, buildings, and grounds. Additionally, funding previously diverted to these developments from the rest of NYCHA's portfolio will now go towards the operation and maintenance of NYCHA's traditional public housing developments.

On September 11, 2008, HUD approved NYCHA's plan to transition the unfunded public housing units to Section 8 assistance. Currently, when a resident vacates their apartment in an LLC II development, the Authority converts the unit to Section 8. Through this process, 1,804 units in the eight developments became part of Section 8 between 2008 and 2018. Through PACT, the remaining 3,890 unfunded units will convert to Section 8. This PACT strategy is an unprecedented financing model to support these apartments, prevent them from falling into complete disrepair, and protect their affordability and residents' rights.

Community engagement and resident conversion began at Baychester and Murphy Houses in the Bronx in August 2017. In September 2017, NYCHA released a Request for Proposals (RFP) to identify development partners to raise financing, perform capital rehabilitation, undertake property management, and, where appropriate, deliver social services at the eight affected developments, starting with the Bronx sites.

On December 3, 2017, HUD approved NYCHA for a retention action pursuant to 2 CFR Part 200 for Baychester and Murphy. HUD had previously approved NYCHA's Significant Amendment to the FY 2017 Annual Plan for the retention action at Baychester and Murphy on November 22, 2017. As of February 2018, 83% of residents at Baychester and 77% of residents at Murphy have been converted to Section 8 for an overall conversion rate of 81%. Developer designation for these two Bronx developments is expected in 2018 and construction is expected to begin in 2019.

NYCHA plans to pursue similar HUD approvals for the remaining six developments in the LLC II portfolio. Through this action, all units in the developments will be operated outside of the federal public housing program under project-based Section 8. Families will be transitioned to Section 8 assistance. Families ineligible for Section 8 assistance will be allowed to remain in place and pay no more than 30% of their income for rent. Completion of the full PACT conversion is expected by 2026.

As part of the Draft Amendment to the FY 2018 Annual Plan, NYCHA is requesting HUD approval for a retention action pursuant to 2 CFR Part 200 for Independence and Williams Plaza in Brooklyn. NYCHA began community engagement and resident conversion activities at these developments in March 2018.

Capital Improvements – DRAFT FY 2018 Capital Fund Annual Statement/Performance and Evaluation Report and 5-Year Action Plan

On January 25, 2018, NYCHA presented an overview of the Authority's Capital Planning Program and the FY 2018 Capital Plan and 5-Year Action Plan to the Resident Advisory Board (RAB).

NYCHA's Draft FY 2018 Capital Fund Annual Statement/Performance and Evaluation Report and 5-Year Capital Plan are included in the Amendment in Attachment I, on pages 48 through 79.