

Executive Summary

NYCHA's Final Agency Plan for FY 2021

Federal law requires the New York City Housing Authority (NYCHA) to develop – with input from public housing residents, Section 8 participants, elected officials, and the public – a plan outlining its major initiatives for the coming year.

The Final Agency Plan for Fiscal Year 2021 is available for public review on NYCHA's website: <http://www1.nyc.gov/site/nycha/about/annual-plan-financial-information.page>. NYCHA will also provide a copy of the Final Agency Plan to each development's Resident Association President.

NYCHA will held a virtual public hearing on December 8, 2020 and accepted written comments on the Draft Agency Plan through December 9, 2020. Please see the Notice on page 10. NYCHA met with the Resident Advisory Board members for their comments in 10 meetings between April and December 2020.

NYCHA's Final Agency Plan was submitted to the U.S. Department of Housing and Urban Development (HUD) by January 16, 2021. Following NYCHA's submission, HUD has 75 days to review and approve the plan.

NYCHA's priorities for the coming year are outlined on pages 1 through 6.

A Blueprint for Change

A Blueprint for Change is a set of ideas that outlines how NYCHA can invest in its properties, residents, and organization. To bring much-needed repairs and renovations to the 110,000 NYCHA apartments that are not being upgraded through the NYCHA 2.0 programs outlined below, *A Blueprint for Change* proposes creating a new public entity—the Public Housing Preservation Trust—to improve residents' homes while protecting their rights.

The State-created public Trust would transform residents' homes by expediting massive, historic levels of rehabilitation and accessing new, more stable funding streams. With this Trust, repairs and improvements would be made faster, and the properties would receive more funding through switching from traditional Section 9 subsidy to the more reliable and valuable Tenant Protection Vouchers (TPVs), a project-based Section 8 subsidy. NYCHA would remain permanent owner of the properties, and a long-term ground lease with the Trust would allow NYCHA to raise money for major rehabilitations. With the additional subsidy from the TPVs, NYCHA can raise funds through bonds and loans to pay for the top-to-bottom renovations. Debt obligations would be paid back using the additional TPV subsidy that NYCHA would receive each year.

The Trust would be able to make higher quality repairs in a shorter period of time by using the more flexible procurement methods outlined in the legislation that would authorize the Trust. The Trust would oversee the construction work and contract back to NYCHA for day-to-day management of the properties.

Through the *Blueprint*, NYCHA would make all necessary major repairs at the properties. That means new kitchens and bathrooms (including appliances and fixtures), boilers and heating systems, elevators, building pipes, ventilation systems, facades, and high-security front doors. It also means addressing lead, mold, leaks, and pests and improving waste management – creating healthier homes for residents. State law, along with applicable federal laws and regulations, would guarantee full tenant rights and protections. No residents would be displaced.

NYCHA is in the process of engaging residents and other stakeholders around the ideas outlined in the *Blueprint*. Additional information on the *Blueprint* and NYCHA’s resident and stakeholder engagement is available at this link, <https://www1.nyc.gov/site/nycha/residents/blueprint-for-change.page>.

NYCHA’s Monitoring Agreement and Transformation Plan

On January 31, 2019, NYCHA and the City of New York signed an Agreement with HUD. The Agreement’s overarching goal is to remedy the deficient physical conditions in NYCHA properties to benefit residents across the city. It establishes a foundation for NYCHA to continue strengthening the Authority and improving residents’ quality of life. The Agreement sets objectives to significantly improve in six high-priority areas: lead-based paint, mold, heat, elevators, inspections and pests and waste management. That includes, for instance, conducting visual assessments and completing interim controls for lead-based paint each calendar year, improving the response times for heat and elevator outages, completing capital improvements, remediating mold conditions and preventing its recurrence, and reducing the pest population. The work under the Agreement is overseen by a third-party Monitor. To achieve these objectives, NYCHA is making a variety of operational improvements and capital investments.

Transformation Plan

The Agreement required that the City engage a third-party consultant, which was KPMG, to provide a detailed assessment of NYCHA’s current-state capacity and make recommendations on how it can improve. Next, based on that report, NYCHA is producing a transformation plan that will lay out a new neighborhood-based operating model and a more coherent governance structure for the Authority, while also proposing a set of specific business process and policy changes in key areas, including work order sequencing, janitorial schedules and annual recertifications, among others. The plan will seek to break down existing silos by bringing together our Executive Team, resident leaders, property-level staff and staff from each department at NYCHA in order to think through our future state and implement these changes across the Authority.

A Culture of Compliance

NYCHA, as required under the Agreement, also established new departments and units – a Compliance Department, an Environmental Health and Safety Department, and a Quality Assurance Unit – in support of this work. These departments have established programs for monitoring NYCHA’s work at the developments, making recommendations for improvements and

then providing technical assistance to development staff in order to improve performance. In the coming year, NYCHA will continue to scale up these departments and units while using data-centered risk assessments, sampling and field monitoring to ensure Operations complies with all local, state and federal regulations and internal policies and procedures.

Compliance Pillar Areas

The Agreement requires NYCHA to remediate living conditions at its properties by specific deadlines and to meet strict, objective compliance standards regarding the aforementioned high-priority areas. NYCHA is setting up systems and has established a dedicated unit to track its progress on all the deadlines outlined in the Agreement. NYCHA is also building dashboards and other analytical reporting tools for each pillar area to show our progress towards meeting these metrics. If any managing jurisdiction is not meeting the clearly defined data-driven benchmarks they will need to design a plan, in partnership with their colleagues in other departments, to solve the problem.

The Agreement goals, as well as other priority areas, are outlined in the Goals Section of the Final Agency Plan (pages 171 to 187). For example:

PHAS and Annual Inspections: NYCHA is implementing a new standard procedure for annual inspections and is building a dashboard and other IT enhancements in order to track work orders completed during and immediately prior to a PHAS inspection.

Mold: NYCHA rolled out its Mold Busters standard procedure and will roll out a standard procedure for Leaks, Roofs and Roof Fan inspections in the coming year. NYCHA will also install new roof fans in order to prevent mold conditions, will add staff and/or vendor capacity to address mold and leak work orders, and will continue to train existing and new staff on the Mold Busters standard procedure. NYCHA will also use new dashboards and other analytical tools to deploy staff and determine which management jurisdictions are failing to respond quickly to mold complaints or have recurring mold conditions in residents' units.

Heat: For the 2019-2020 heat season through May 2020, NYCHA brought down the time it took to resolve heat outages from 8.8 hours on average to 7.7 hours on average. NYCHA will continue to install heat sensors at 44 developments and will make additional year-over-year improvements to its heat outage response times in the coming heat season. By 2026, NYCHA will replace 297 boilers and address an additional 200 boilers through PACT, making heat more reliable for hundreds of thousands of residents.

Elevators: NYCHA will continue to make year-over-year improvements to its elevator outage response times. NYCHA is continuing to hire and train additional elevator mechanic teams while also investing in air conditioners in motor rooms, door lock monitors and other equipment that will help improve elevator service. By 2024, NYCHA will replace or address 425 elevators.

Lead: In April 2019, NYCHA kicked off an unprecedented effort to test approximately 135,000 apartments for the presence of lead-based paint using x-ray fluorescence ("XRF") analyzers. NYCHA has tested the vast majority of units in high-priority developments where lead was

previously found in units using HUD's random sampling methods. NYCHA will continue to inspect additional units as part of its XRF initiative. NYCHA will also continue a door-knocking campaign to identify units where a child under six years old either resides or regularly visits the unit. In 2021, NYCHA will complete its biennial risk assessment and will scale up efforts to abate or rapidly remediate lead in units with a positive or presumed positive lead-based component where a child under 6 either resides or regularly visits the unit.

Pests and Waste Management: NYCHA is launching a new Integrated Pest Management standard procedure across the portfolio and will continue training its workforce on proper pest control methods. NYCHA has also established a new Waste Management and Pest Control department to manage these workflows across the Authority. NYCHA is also investing in reducing the rat population by concreting 50 dirt basements, installing 8,000 door sweeps, installing new compactors and bulk crushers at 10 developments, and hiring 20 new exterminators and an expert in pest control.

Capital: As part of the Agreement, the City is providing \$1 billion for capital expenses over the first four years and \$200 million per year in capital funding for at least the six years following – for a total of at least \$2.2 billion in capital funding. These funds will be invested in lead abatement, comprehensive lead and mold-related capital projects, elevator and heat system replacements and improvements to NYCHA's waste management equipment across the portfolio. These funds are in addition to Mayor de Blasio's unprecedented financial support to NYCHA, which includes approximately \$4.3 billion in capital and operating funds to replace roofs and boilers, fix facades and upgrade heating systems, and more over the next decade.

NYCHA 2.0

Considering the multibillion-dollar decline in federal Section 9 funding and massive repair needs across its portfolio, NYCHA must pursue innovative ways to fund the building and apartment upgrades that residents deserve. Launched in December 2018, NYCHA 2.0 is a 10-year plan to address \$24 billion in vital repairs that NYCHA's buildings desperately need. NYCHA 2.0 will deliver complete apartment renovations for 175,000 residents, fund essential capital repairs across the rest of NYCHA's portfolio and launch aggressive new repair strategies to tackle high-priority areas that impact residents' quality of life. NYCHA 2.0 includes the following programs:

PACT to Preserve

As part of its Permanent Affordability Commitment Together (PACT) initiative, NYCHA is addressing \$12.8 billion in overdue repairs in 62,000 apartments – a third of its units and home to approximately 140,000 New Yorkers. PACT relies on partnerships with private and non-profit development partners and converts developments to a more stable, federally funded program called Project-Based Section 8.

All 62,000 apartments converted to Section 8 funding will remain permanently affordable. The Project-Based Section 8 program provides a more stable flow of federal subsidy and allows NYCHA and its development partners to raise external financing to address a development's capital repair needs. Once developments are converted, quality private managers, including non-

profit partners, will maintain and operate the buildings. The PACT program provides residents with important rights and protections. Residents will only pay 30 percent of their household income towards rent, will not have their applications re-screened, and will have the right to remain in their homes during the renovations.

Renovations will provide residents with new kitchens, bathrooms, windows, and common areas while addressing critical repairs to elevators, boilers, roofs and facades. The PACT program also enhances on-site social services by funding valuable community programming that will be provided by a growing list of non-profit partners. PACT renovations will be completed on a rolling basis – between 7,500 and 10,000 apartments per year – by the year 2028.

Approximately \$236 million in renovations have been completed at the 1,395 apartments at Ocean Bay (Bayside) in Queens. More than 6,400 apartments, home to approximately 15,000 New Yorkers, are under construction in the Bronx and Brooklyn, totaling \$860 million in major upgrades. At the end of 2020, NYCHA finalized a transaction to provide more than \$271 million in major repairs and renovations for 1,718 apartments throughout Manhattan. An additional 13,700 apartments are part of active development projects in the process of resident engagement or pre-development. In sum, NYCHA has more than 23,000 units completed, in-construction, or in a stage of resident engagement or pre-development.

Build to Preserve

With the "Build to Preserve" program, NYCHA will use a mixed-income model to build on its underused land, dedicating 100 percent of the proceeds to make repairs first at the surrounding development (any remaining funds will be invested in repairs at other NYCHA developments in the neighborhood). Build to Preserve is expected to fund approximately \$2 billion in capital repairs. New buildings will be subject to Mandatory Inclusionary Housing levels of affordability and will increase the city's permanently affordable housing supply.

NYCHA is exploring Build to Preserve at the developments in the Chelsea neighborhood with a working group comprised of residents, elected officials, community representatives, and housing organizations. The working group has been meeting since the fall of 2019 to produce community-driven recommendations to address the future of Chelsea, Chelsea Addition, Elliot, and Fulton Houses. While working group meetings were paused due to COVID-19, members began meeting again this summer. The working group is aiming to publish a list of recommendations before the end of the year, which would inform an RFP to be issued by NYCHA to select development partners.

Transfer to Preserve

NYCHA continues to tap into its extensive unused development rights, known as "air rights," in order to raise revenue for the Authority. By transferring only a portion of the Authority's approximately 80 million square feet of air rights, NYCHA expects to generate \$1 billion in capital repairs for adjacent apartments. In 2020, NYCHA completed two air rights transfers, one at Ingersoll Houses in Brooklyn and another at Hobbs Court in Manhattan, generating approximately \$27 million in proceeds for capital repairs.

Commitments to Build New 100% Affordable Housing

New York City is confronting an affordable housing crisis, and New Yorkers have called for more affordable housing. In support of Mayor de Blasio's plan to build or preserve 300,000 affordable apartments by 2026, NYCHA has pledged to provide underused land (such as parking lots and storage spaces) for the creation of 11,000 new, affordable apartments for both families and seniors – more than 3,000 of which are already in the pipeline.

Since 2015, NYCHA has closed on 11 transactions located in the Bronx, Brooklyn, Manhattan, and Queens. Approximately 1,400 affordable apartments have been built or are under construction. An additional 72 co-op homeownership units will begin construction at the end of 2020. Additionally, more than a dozen other affordable housing developments are in the planning or pre-development phases.

Many of these buildings will include community facilities and neighborhood retail that will serve new and current residents. For instance, the new affordable housing at Ingersoll Houses features a new ground-floor senior center operated by Services and Advocacy for LGBT Elders (SAGE) that will provide supportive services for seniors. The development at Mill Brook Houses included a new senior center with a commercial kitchen, large dining room, community space, and activity rooms for programming for seniors. Other planned features across the 100% affordable housing portfolio include green roofs, upgraded basketball courts, and new community gardens and seating areas.