

**NYCHA's Blueprint for Change:
Transformation Plan**

March 2, 2021

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Chapter 1. Introduction

NYCHA's *Transformation Plan* is the culmination of multiple engagements and hundreds of conversations with residents, employees, and stakeholders about how to reorganize and reform the agency.

The Transformation Plan is an unconstrained vision for dramatic but sustainable change to NYCHA's governance and leadership structure, property management systems, and central support functions. The Plan includes a set of strategies that will set the agency on a path to a far brighter future, but it is only the beginning of this process. As this plan is presented, we will turn to the difficult task of implementing these structural and process changes in a resource-constrained environment. In building our implementation plan, we will evaluate the cost-benefit of each possible change and begin to make the difficult choices that will define the agency for years to come.

The Transformation Plan, along with the Implementation Plan, represents one of three major components of NYCHA's sweeping and comprehensive **Blueprint for Change** initiative. The **Blueprint for Change** also includes a **Stabilization Strategy**, which would raise capital funds to comprehensively improve NYCHA properties, and a **Jobs and Recovery Strategy**, which promotes healthy and safe conditions and expands economic and educational opportunities for residents.

Various engagement activities connected to the plan were underway when the COVID-19 pandemic began in March 2020, halting all in-person meetings. NYCHA's immediate focus shifted to responding quickly and effectively to the pandemic—including sanitizing efforts, welfare checks on vulnerable residents, food delivery, and changing how we respond to maintenance work orders to limit possible spread of the virus. In these efforts, NYCHA learned to be nimble as we shifted the way we worked and thought more creatively about what services are essential and how we provide those services.

One key example of NYCHA's swift response was the amendment of the rent hardship protocol, a policy that exists to address sudden loss of income. Prior to COVID, the policy relied on an interim recertification process that was time consuming for residents and often required in-person assistance from Housing Assistants in the Property Management offices. The Public Housing Tenancy Administration team and Leased Housing Department re-designed the customer facing Self-Service portal process to streamline the information required and worked with Information Technology, and the Customer Contact Center (CCC) to create a script that allowed residents to request a rent change over the phone. From April 2020 through July 2020 NYCHA processed 13,258 rent hardship requests. This is a nearly 450% increase over the 2019 requests for the same time period.

COVID-19 has shown us that NYCHA can transform how we do business. Just as Superstorm Sandy brought climate resiliency to NYCHA's core business functions in 2012, we must learn

lessons from how COVID-19 impacts our residents and employees in order to guide sustainable operations.

We need to design and implement an organizational structure and business processes that respond to the urgent needs of our residents and the express commitments NYCHA made to HUD, SDNY, the Monitor and our residents in each of the Action Plans it prepared pursuant to the HUD Agreement. Towards these ends, NYCHA has identified five guiding principles that underpin the Transformation Plan:

1. **NYCHA will change the way it does business by implementing new policies and procedures across the portfolio.** For example, NYCHA must conduct work in compliance with federal regulations by complying with lead safe work practices, properly inspecting and remediating mold conditions and applying effective pest control methods that are consistent with Integrated Pest Management.
2. **NYCHA must be nimble enough to respond quickly to conditions at the property.** For example, NYCHA must respond quickly to heat and elevator outages, and sequence work effectively in order to address the underlying root cause of mold and prevent the recurrence of pests in units.
3. **NYCHA will monitor itself to ensure quality at the point of service.** For example, NYCHA's three new departments - Quality Assurance, Environmental Health and Safety and Compliance - must review resident complaints and deploy specialists and inspectors to ensure development staff are doing the work correctly and learning from mistakes.
4. **NYCHA will create and deliver large-scale projects on time.** For example, NYCHA must draft and implement function-specific Action Plans and deliver large scale projects that are explicitly required under the HUD Agreement. These projects are critical to remedy systemic building issues and improve living conditions at the developments.
5. **NYCHA will establish clear management structures so individuals can be measured against clearly defined goals.** For example, NYCHA will need to hold Property Managers and maintenance staff accountable to a set of clearly defined metrics that residents can count on such as heat and elevators outages resolved within hours, and lead-based paint visual assessments, interim controls and apartment inspections performed each year. NYCHA must restructure individual departments and implement a series of process reforms to address bottlenecks that disrupt service today.

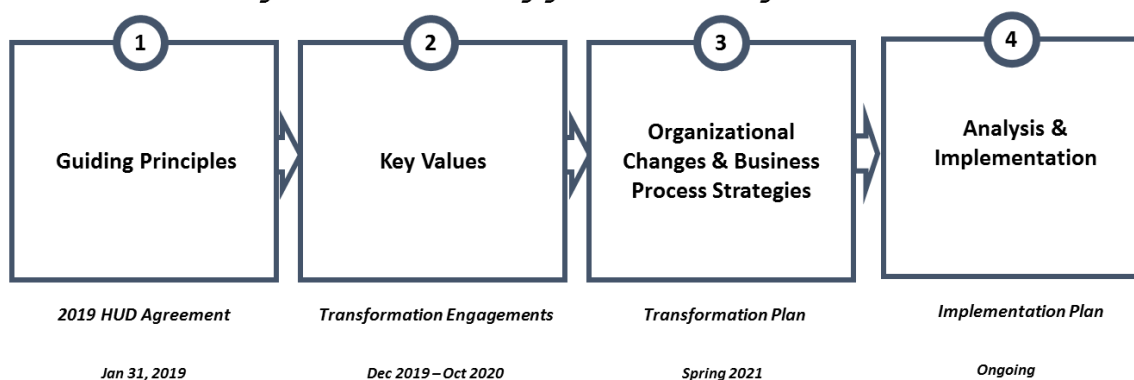
In concert with the guiding principles, NYCHA identified a list of six core values that emerged from discussions with stakeholders about common pain points and areas of concern. These core values drove the process of developing the Transformation Plan, and will continue to drive its implementation:

1. Creating a culture of service
2. Breaking down silos

3. Empowering our employees
4. Strengthening our partnership with our residents
5. Using data to drive decision making, and
6. Becoming a better partner to our business and government stakeholders.

Organizational Strategy = Transformation Plan + Implementation Plan

The Transformation Plan's proposed changes and strategies are informed by principles that emerged from the 2019 HUD Agreement and numerous engagement sessions throughout 2020



Three major sets of organizational changes are summarized in this plan:

1. Changes to NYCHA's governance and executive leadership structure
2. Changes to NYCHA's Property Management and Maintenance operations
3. Changes to how Central Office functions support property operations

The Transformation Plan also includes numerous business process improvements that focus on service delivery pain points as identified by residents and employees, such as the Annual Review process and the Alternative Work Schedule program, along with new ideas for how NYCHA can improve productivity through technology and supply chain management, improve resident partnerships and expand resident economic opportunities, and empower employees through learning and development. The table below illustrates a few of the business process improvement strategies outlined later in this Plan and the anticipated impacts on residents.

Strategy	Action	Impact on Residents	Key Value Addressed
Alternative Work Schedule	Evaluate existing program and determine new resource allocation	Improved cleaning of buildings and grounds all week long. An ability to schedule maintenance after hours and on weekends.	Creating a culture of service Using data to drive decision making

Strategy	Action	Impact on Residents	Key Value Addressed
Property-Based Budgeting	Property Managers will have more control of their budgets	Building conditions can be resolved faster	Empowering our employees Breaking down silos
Work Order Reform	Improve sequencing of work orders for skilled trades through increased control at local level	Work orders completed more quickly, with greater transparency to the work order process	Using data to drive decision making Creating a culture of service
Annual Recertification	Streamline Housing Assistant workload and review process	Transparency for residents and Section 8 participants into rent calculation, enhancing usability of ePortal	Strengthening our partnership with our residents Creating a culture of service

While the proposed changes in this plan are necessary to fix the organization and the way we do business, organizational and process changes alone cannot fix all of NYCHA’s legacy challenges—to meaningfully improve physical conditions and position the agency for sustainable success, we must invest a significant amount of capital into NYCHA’s housing portfolio. Accordingly, NYCHA envisions that organizational change will happen in parallel with the significant capital investments described in the **Stabilization Strategy**, which creates NYCHA’s first ever portfolio wide capital investment plan and builds on the foundation of NYCHA 2.0, PACT and other previous efforts.

Similarly, the stabilization strategies—along with the ongoing NYCHA 2.0 work—will attract billions of dollars to our developments. Thus, the **Jobs & Recovery Strategy** provides a roadmap for expanding job and economic opportunities for residents.

[CALL OUT BOX] Engagement Methodology

While this Transformation Plan was organized by NYCHA leadership, the values and ideas came from our residents, our staff, and other advocates who care deeply about NYCHA's future. It represents the culmination of multiple engagements and hundreds of conversations with staff, residents, and stakeholders. The plan process was in the midst of various engagements when the COVID-19 pandemic shut down all in-person activities in mid-March 2020.

We put some of our engagements on hold right at the start of the pandemic and we used that time to review what we heard and distilled those ideas into the key values and objectives embedded in this Transformation Plan.

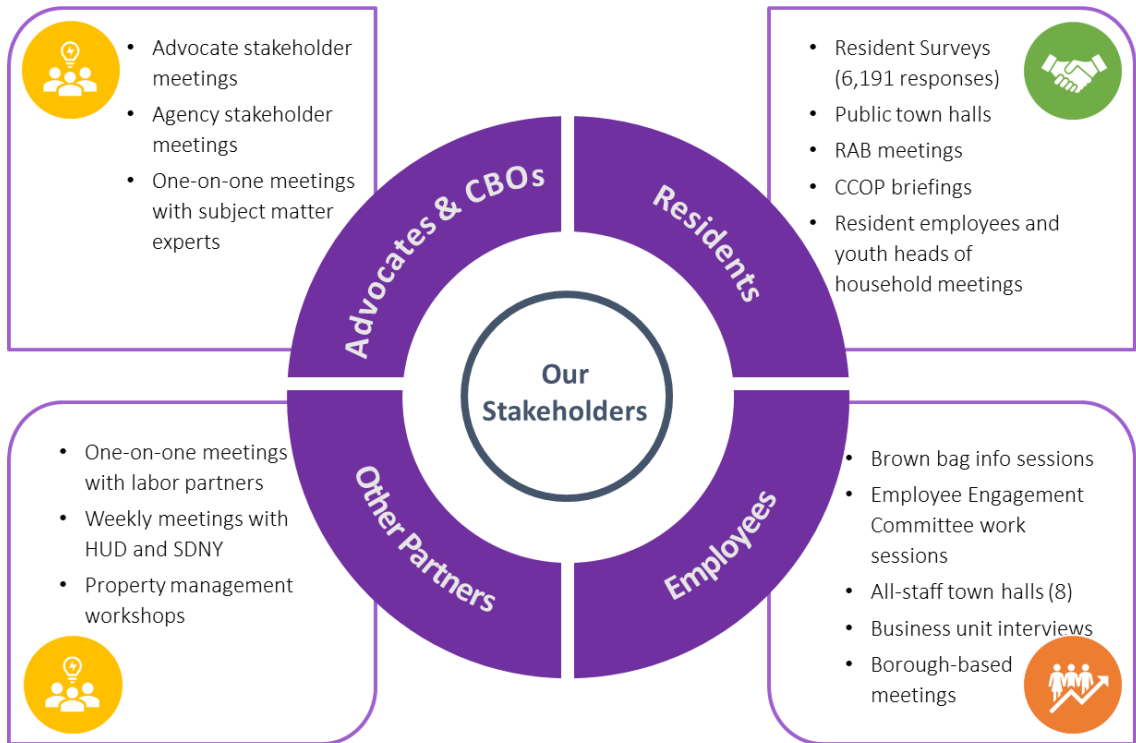
We also surveyed thousands of NYCHA residents and received 6,191 responses from residents on their views of NYCHA, their development, and their apartment. Additional questions were asked on the Authority's plans to re-start maintenance work in apartments. We received thousands of comments on challenges residents face and used the survey results to develop a baseline for each development, neighborhood, borough, and the agency as a whole. Topline results included:

- 57% of NYCHA residents were proud to call their development home
- 51% feel safe at their development
- 44% would recommend living in their building to a friend or relative.

The survey results were indicative of the tremendous work that lies ahead for NYCHA. This plan is designed to address these very concerns and we plan to continue an annual survey to measure progress against these same metrics by development, neighborhood, and borough. The full survey results are attached in Appendix A.

Engagement Methodology

The Transformation Plan is a culmination of hundreds of conversations with staff, residents, and stakeholders.



Chapter 2. NYCHA in Context

A. NYCHA & New York City

New York City is the nation's second most expensive housing market, with a mismatch between supply and demand that keeps stable housing out of reach for many of the City's residents.¹ The supply gap disproportionately burdens New Yorkers with lower incomes, a population the City has long tried, but struggled, to serve.

In our 85-year history, the New York City Housing Authority has contributed nearly 200,000 affordable units to the City's housing market—including temporary units for World War II veterans and other developments converted to co-ops in the 1970s—with over 167,000 remaining under NYCHA ownership today. NYCHA houses almost 600,000 people between the Public Housing and Section 8 voucher programs—more than the populations of Atlanta, Miami, or New Orleans.

While the Authority started in 1934, its genesis dates to nineteenth century attempts to regulate a housing market that was unable or unwilling to serve lower-income New Yorkers. The State of New York's first attempt at housing regulation was the 1867 Tenement House Act, which required a fire escape for every unit and a window for every room, although it failed to specify that those windows should face the outside. The subsequent 1879 Act remedied this oversight, leading to the 25-foot-wide dumbbell—or “old law”—tenements that still line the streets of the Lower East Side and parts of SoHo. The 1901 Act added waste courtyards, lighting, and fire safety measures to the requirements for all new construction.²

The Tenement Acts regulated building standards, and while they were effective in improving housing conditions, they did nothing to address the looming threat to the City—a lack of affordable dwellings. By the 1930s, the City's housing advocates were seeking new supply-side interventions, exploring government financing or guarantees to build new units.³

Langdon Post, NYCHA's first Chair, declared that “[n]early a century of so-called housing reform in New York City has proved conclusively that, as a solution of the housing problem, regulation has failed.”⁴ Post and his colleagues believed “[o]nly a widespread government program of subsidized housing can adequately solve this problem.” NYCHA's early leaders knew the City desperately needed more units to meet growing demand and enforcing existing tenement laws on exploitative landlords was impossible without an alternate place to house those displaced.

¹ 2017 NYCHVS

² New York City Housing Authority, *The Failure of Housing Regulation* (1936), p.5-11.

³ See Louis H. Pink, *The New Day in Housing* (1928); New York City Housing Authority *Toward the End to be Achieved* (1937); Charles Yale Harrison, *What Price Subsidy!* (1937).

⁴ *The Failure of Housing Regulation*, p.3, 19.

In the early 1930s, the federal Reconstruction Finance Corporation (RFC) and Public Works Administration (PWA) built three limited-dividend developments in New York, including the Lower East Side's Knickerbocker Village, but the program was predicated on attracting private developers, which it was unable to do at scale.⁵ Without a private market solution, the City and state turned to an idea only tried once before in the United States—government owned and operated civilian housing. The New York City Housing Authority's creation in 1934 was a powerful acknowledgement that all New Yorkers deserved a safe and comfortable place to live.⁶

NYCHA's portfolio was built with City, state, and federal money—with just over 100,000 federal units, 54,000 state units, and 35,000 city units. The City and state developments were supported by their original funding sources until some were brought under the federal program in the 1960s and 1970s⁷. The last wave of federalization came in 2010, when 21 developments were brought onto the federal funding platform.

Most construction took place after World War II, funded by the 1949 Housing Act and continuing through the 1954 Housing Act and the Urban Renewal program of the late 1960s. Between 1950 and 1970, the Authority was building over 6,000 units a year—an unrivaled pace by the standards of any era.⁸

NYCHA developments—and the federal public housing program, also known as Section 9—were originally designed as self-sustaining, with all operating and capital expenses funded by resident rents. By the early 1960s, as many of the first developments were reaching their first 20-year capital cycle, it was clear that rents were insufficient to fund ongoing operations, let alone capital repairs. The 1969 Housing and Urban Development Act capped rents at 25% of household income and introduced a federal operating subsidy for the first time.⁹

In the 1970s and 1980s, as resident demographics continued to shift, new public housing construction slowly ground to a halt and subsidies were slashed.¹⁰ The Authority continued to add new developments in the form of rehabilitated brownstones and other turnkey acquisitions. Now 40 years into the program, many developments were about to miss their second recapitalization cycle, starting the long descent to the deep capital deficits we face today.

⁵ See Emily Rosenbaum and Samantha Friedman, The Housing Divide: How Generations of Immigrants Fare in New York's Housing Market (2007), 98-100; Richard Plunz, A History of Housing in New York City: Dwelling Type and Social Change in the American Metropolis (1990), p.207-8.

⁶ See *Toward the End to be Achieved*, p. 5.

⁷ These developments are separate from the 21 “federalized” developments that were brought under the federal program in 2010 as part of a tax credit transaction.

⁸ Six developments were sold as co-ops in the late 1960s. The Authority also built 11 temporary developments of Quonset huts for veterans after World War II. Over 120,000 of the Authority's units were built between 1950 and 1970.

⁹ 1969 US Housing and Urban Development Act, December 24, 1969. Public Law 91-152.

¹⁰ In 1950, 75% of NYCHA households were white; by 1990, it had fallen below 10%.

In the 1990s, NYCHA was considered one of the few success stories in public housing, and HUD turned to programs designed to aid other housing authorities in far more distress. While other cities received large HOPE VI redevelopment grants, NYCHA, often unable to meet the affordability requirements for redevelopment, received few. As HUD turned to demonstration programs like Moving-to-Work to provide regulatory flexibility, NYCHA did not take advantage of them. By the time the Rental Assistance Demonstration program began in 2013, NYCHA's capital deficits had exploded and the organization was struggling to keep pace with a growing backlog of maintenance work.

Today, New York City has 3.5 million dwelling units, including 2.2 million rental units. 1.2 million rental units are price-regulated in some fashion, including 988,000 rent stabilized or rent controlled. NYCHA owns and operates 169,425 units—14 percent of all price-regulated units, 8 percent of all rental units, and 5 percent of all dwelling units overall.¹¹

The City's housing stock, however, does not match the income profile of its residents. Nearly a third of New York households are paying over 50% of their household income on rent.¹² Only 14% of all New York rental apartments have rents under \$800—only 7% below \$500. Average rent across NYCHA's portfolio is \$525. Of the 79,190 available rental units identified in the 2017 Housing Vacancy Survey, only 3,532—4%—were asking less than \$800 a month. NYCHA was created to directly address this problem—to provide housing for those the market could or would not serve. Only 300,000 New York apartments rent for less than \$800—133,000 are owned by NYCHA.¹³ NYCHA's waiting lists—175,000 households for public housing and 130,000 for Section 8—demonstrate the City's dire need for these homes.¹⁴

At its founding, the Authority was designed to provide stop-gap housing for families, on the assumption that their upward mobility would eventually move them to the private market. While the Authority never realized that vision of upward mobility, it did achieve something else: 85 years as a stalwart beacon of affordability and stability in an increasingly inaccessible and precarious market.

A New York without these 167,000 housing units would be a far more unequal and unjust city—preserving their long-term affordability and physical upkeep is essential to the City's future.

B. Current Challenges

NYCHA is unquestionably at an inflection point in its history. In January 2019, NYCHA signed a settlement agreement with HUD and the City of New York. After signing the HUD Agreement, the U.S. Attorney's Office for the Southern District of New York (SDNY) and HUD withdrew a complaint that had been filed in federal court with a proposed Consent Decree in June 2018. An

¹¹ NYCHA also provides housing subsidies to 83,225 households through its Section 8 Housing Choice Voucher program.

¹² 2017 New York City Housing Vacancy Survey (NYCHVS), <https://www.census.gov/programs-surveys/nychvs.html>.

¹³ 2017 NYCHVS

¹⁴ https://www1.nyc.gov/assets/nycha/downloads/pdf/NYCHA-Fact-Sheet_2020_Final.pdf

independent monitor (the Monitor) was also appointed pursuant to the HUD Agreement in February 2019.

To transform, NYCHA must confront its recent past. The SDNY investigation found that NYCHA failed to provide “decent, safe and sanitary housing” as required by HUD regulations, engaged in deceptive practices with respect to federal inspections, and falsely certified it was in compliance after failing to adhere to lead-based paint regulations.

The HUD Agreement has had, and will continue to have, far-reaching effects on NYCHA. For example, the HUD Agreement required that the City of New York make a historic investment of \$2.2 billion in capital projects over ten years. NYCHA must also achieve a set of ambitious performance metrics in six key compliance areas or “pillars” – (1) lead-based paint, (2) mold, (3) pests and waste management, (4) elevators, (5) heat and (6) inspections.

The HUD Agreement also requires that NYCHA make changes to its organization including establishing three new departments and submitting an Organizational Plan. The three new departments are Compliance, Environmental Health & Safety, and Quality Assurance. These three departments create a new accountability structure for NYCHA and have been in operation now for over a year. Already, they have played a critical role and have helped drive improvements within Operations by establishing clear procedures and oversight, at individual properties, and within individual devices or systems.

Executing on one of these requirements alone would be a significant undertaking. NYCHA, along with the Monitor and our colleagues at HUD and SDNY, are taking on each of these tasks simultaneously in the middle of a global pandemic. That is why NYCHA views the HUD Agreement and this moment in its history to be a once in a generation opportunity.

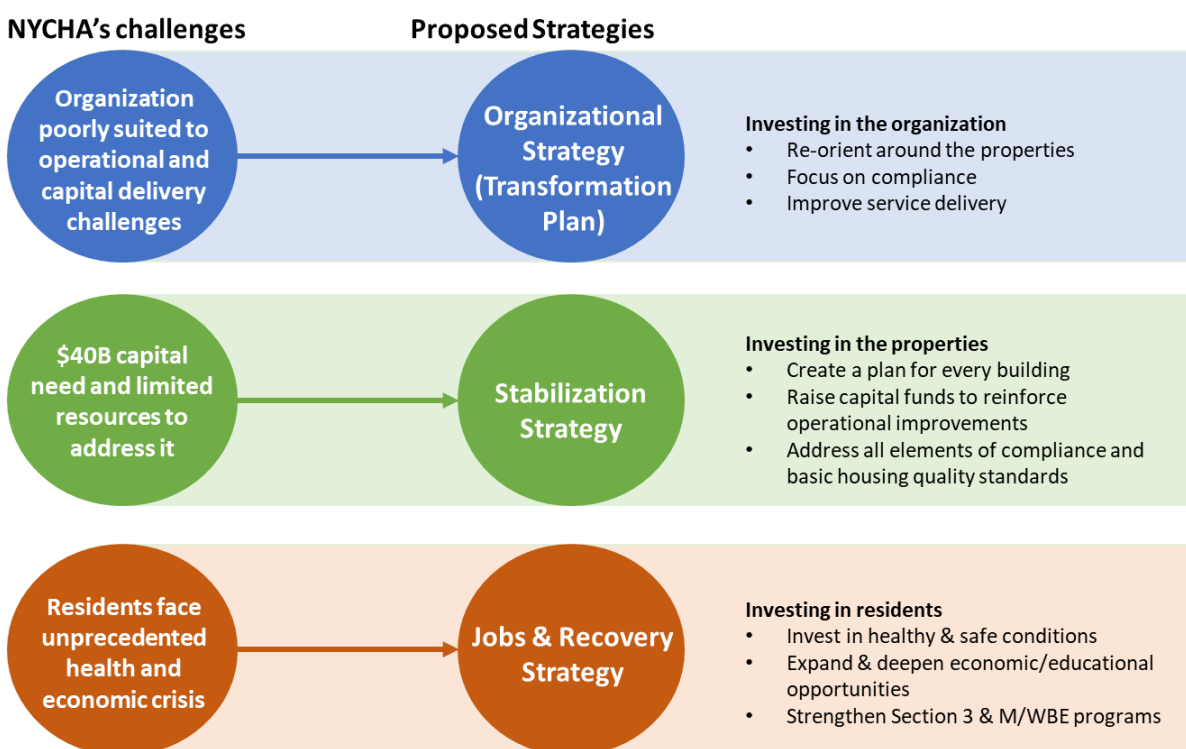
The HUD Agreement required the procurement of a management consultant to assess NYCHA’s current state of operations and make recommendations for improvement. KPMG was procured by the City in coordination with the Monitor and delivered their final report in December 2019. The report helped to inform the planning work and those recommendations are mapped to this Transformation Plan in Appendix B. The HUD Agreement also requires that “The Monitor and NYCHA collaboratively shall prepare an ‘Organizational Plan’ setting forth changes to NYCHA’s management, organizational, and workforce structure (including work rules), and overarching policies necessary or appropriate to achieve sustained compliance with NYCHA’s obligations under this Agreement.”

In September 2019, NYCHA created the Office of Strategy & Innovation to coordinate all work with the Monitor team, including beginning work on the organizational plan. This Transformation Plan represents NYCHA’s vision for how the organization must change. It sets forth a series of changes to NYCHA’s management and organizational structure and lays out other strategies for changing a wide range of policies and practices.

Implementation of this vision through organizational changes and business process changes will be an ongoing and continuous effort. We recognize that this Transformation Plan is the beginning of an ongoing process to transform NYCHA and that our success will be measured by whether, and on what timeline, we successfully deliver on these changes.

As noted, the performance metrics in the HUD Agreement focus on six key pillar areas. NYCHA's failure to meet basic performance levels in these areas derives in significant measure from the historic lack of capitalization in the housing portfolio combined with an operational model that is misaligned to provide services as they are needed. Therefore, NYCHA's current challenges can be summarized into three main areas:

- **Operational misalignment and a broken organizational culture**—As constructed, the organization is poorly equipped to manage the daily demands of managing 300 developments or delivering on a massive long-term capital program.
- **Physically deteriorating assets**—\$40 Billion in capital needs, escalating at a pace that far exceeds capital injections from federal, City, or state sources.
- **Unprecedented health and economic challenges**—Already facing underemployment and health disparities, residents now face the added threats of a pandemic and cascading economic downturn, raising the stakes of NYCHA's response to both.



NYCHA's ***Blueprint for Change*** addresses each major challenge with a targeted strategy:

- This ***Transformation Plan*** describes how NYCHA will enhance its governance and leadership structure, invest in the organization to re-orient operations around the properties, improve service delivery for residents and focus on achieving the compliance goals and performance metrics of the HUD Agreement.
- The ***Stabilization Strategy*** creates NYCHA's first ever portfolio-wide capital investment plan. It builds on the foundation of NYCHA 2.0, which was a plan designed to address full repairs at over 62,000 apartments through the PACT program, new construction, and the transfer of air rights.
- If successful, billions of dollars in investment will flow to NYCHA's properties. The ***Jobs & Recovery Strategy*** describes how these investments will contribute to creating and expanding jobs opportunities for residents and advancing NYC's health and economic recovery.

Chapter 3. HUD Agreement Obligations

The HUD Agreement, and the history that led up to it, laid the foundation for this Transformation Plan. We need to design and implement an organizational structure that will support the accomplishment of the explicit obligations described in the HUD Agreement and all Monitor-approved Action Plans, and we need to undertake this task with a great sense of urgency. The Monitor has now approved at least one Action Plan for each pillar area, and additional plans will be forthcoming.¹⁵

Many of the strategies outlined in this Transformation Plan will help NYCHA achieve compliance with the HUD Agreement. For example, rolling out the **Neighborhood Model** and a clear borough-based vertical structure will help ensure better accountability and supervision at the properties. With more accountability and supervision, NYCHA can ensure quality and make sure staff is complying with the new business processes for each pillar that have been rolled out across the portfolio. **Work order reform** will help ensure decentralized maintenance staff can report quickly to units with pillar-related work requests and then complete the entire job on a trackable timeline. Making changes to the **Alternative Work Schedule** will help ensure caretakers are able to clean the properties to prevent pests and reduce elevator outages. This list is not exclusive. Rather, each of the strategies is designed to help ensure NYCHA can comply with the requirements of the HUD Agreement.

¹⁵ An Action Plan for PHAS Inspections was approved in October 2019; an Action Plan for Heat was approved in December 2019; an Action Plan for Elevators was approved in January 2020; an Action Plan for Mold and Leaks was approved in March 2020; an Action Plan for Annual Inspections was approved in December 2020; an Action Plan for Lead-Based Paint and an Action Plan for Pests and Waste Management were both approved in January 2021. Some of these plans were "Phase 1" plans addressing a partial set of issues in the relevant pillar area, and additional "Phase 2" plans will follow.

Based on the obligations of the HUD Agreement, we have identified five key organization principles to ensure compliance with the HUD Agreement.

1. **Policy and Procedures. NYCHA will change the way it does business by implementing new policies and procedures across the portfolio.** For example, NYCHA must conduct work in compliance with federal rules and regulations by complying with lead-safe work practices, properly inspecting and remediating mold conditions and applying effective pest control methods that are consistent with Integrated Pest Management.
2. **Nimble, Responsive Operations. NYCHA must be nimble enough to respond quickly to conditions at the property.** For example, NYCHA must respond quickly to heat and elevator outages, and sequence work effectively in order to address the underlying root cause of mold and prevent the recurrence of pests in units.
3. **Monitoring Ourselves. NYCHA will monitor itself to ensure quality at the point of service.** For example, NYCHA's three new departments - Quality Assurance, Environmental Health and Safety and Compliance - must review resident complaints and deploy specialists and inspectors to ensure development staff are doing the work correctly and learning from mistakes.
4. **Delivering Large-scale Projects. NYCHA will create and deliver large-scale projects on time.** For example, NYCHA must draft and implement function-specific Action Plans and deliver large scale projects that are explicitly required under the HUD Agreement. These projects are critical to remedy systemic building issues and improve living conditions at the developments. This will include the formation of public-private partnerships to improve physical conditions and social services where appropriate.
5. **Clear Data-driven Metrics. NYCHA will establish clear management structures so individuals can be measured against clearly defined goals.** For example, NYCHA will need to hold Property Managers and maintenance staff accountable to a set of clearly defined metrics that residents can count on such as heat and elevators outages resolved within hours, and lead-based paint visual assessments, interim controls and apartment inspections performed each year. NYCHA must restructure individual departments and implement a series of process reforms to address bottlenecks that disrupt service today.

A. Policies and Procedures

NYCHA's Technical Services teams—part of the Operations department—often take the lead in designing changes to business processes in order to comply with the HUD Agreement. At the same time, virtually every department at NYCHA plays a critical role in helping ensure the business process changes are a success in practice. Compliance, EH&S and Law play a critical role in drafting the policies and procedures and providing advice to make sure the process comports with the law or other best practices. Community Engagement ensures that residents are involved in the process and know what to expect. Information Technology tailors software

to automate and track the steps outlined in the business process, and Human Resources and Learning & Development ensure that staff is hired and trained to adhere to each new business process. Operations must implement new business processes.

Finally, NYCHA must consistently then evaluate the effectiveness of the new business process, including whether or not that process leads to compliance with the HUD Agreement. If the new business process does not achieve compliance, NYCHA will need to update its Action Plans and come up with a new set of strategies to make sure NYCHA achieves compliance.

NYCHA needs every entity involved in each business process – from design to implementation – to work together across silos. The Borough Administration Teams and Neighborhood Model help ensure these central office teams work collaboratively with Operations at each stage rather than operating in silos.

B. Nimble, Responsive Operations

If a boiler or an elevator goes out, or a resident reports a pest or mold condition, NYCHA must be able to respond quickly. Today, NYCHA struggles to sequence work effectively or deploy staff across an entire borough over the course of a single day to address an issue. Our new operating structure—known as the Neighborhood Model and described in Chapter 5 — is designed to ensure managers constantly have their eyes on the properties so they can respond quickly to any condition. Work Order Reform, which stages skilled trades at the neighborhood level, ensures employees are located nearby and can sequence work from one trade to another quickly and effectively as a team.

C. Monitoring Ourselves

Today, NYCHA struggles to ensure vendors and employees deliver high quality services on a consistent basis. Monitoring ourselves does not begin and end with the departments that were established by the HUD Agreement. This Transformation Plan lays out strategies that will enhance supervision at the properties within Operations to ensure accountability.

This Transformation Plan establishes a clear vertical structure from the office employee to the Property Manager to the Neighborhood Administrator and finally up to a Borough Vice-President or the Chief Operations Officer, helping ensure multiple layers of accountability within Operations. In addition, every central office department at NYCHA must be in service to our properties and residents. These departments both monitor the quality of the work and support Operations in achieving its objectives. This Transformation Plan ensures Learning and Development is empowered to train and evaluate staff. Finally, as outlined in this Transformation Plan, Compliance, EH&S and Quality Assurance were specifically outlined in the HUD Agreement to add another layer of oversight. In addition, the new Waste and Pest Management Department and the Healthy Homes Department have established units to ensure we deliver high quality service.

D. Delivering Large-Scale Projects

NYCHA struggles to deliver large-scale projects with consistency and proper coordination across the Authority. It is sometimes unclear who owns the delivery of large-scale projects within Operations. This Transformation Plan provides for a Project Management Office (PMO) within the Quality Assurance Unit that will work to ensure operational consistency with respect to program design and execution. The purpose of the PMO will be to coordinate the execution of larger-scale operational initiatives across all four boroughs. Borough Administration Teams within borough offices will also help coordinate NYCHA's Central Office administrative functions within the Operations structure so Operations can implement large-scale projects with the help of IT, Procurement, the scope writing team that has been transferred to the Capital Projects Division and others. An important principle of the Transformation Plan's Neighborhood Model is that NYCHA staff will remain dedicated to day-to-day operations at the property or neighborhood level. Thus, to deliver large-scale projects, NYCHA will oftentimes need to hire vendors. Updating the procurement process to attract high-quality vendors quickly is critical to NYCHA's success. This Transformation Plan describes a number of initiatives, including the hiring of a Chief Procurement Officer to re-design the procurement and vendor management process, including by exploring changes to standard contract terms.

In construction, NYCHA needs a single pipeline that reflects a clear set of priorities, which is why this Transformation Plan proposes breaking down the silo between Capital Planning and Real Estate Development by aligning them within the same organizational leadership. The Transformation Plan also describes a set of changes to the Capital Projects' Divisions internal organization that will help ensure NYCHA delivers critical projects in each pillar area.

E. Clear Data-Driven Metrics

The HUD Agreement requires that NYCHA track itself against a set of clearly defined data-driven metrics. NYCHA is constantly collecting large amounts of data, whether it be XRF test results or reports of heat outages. Now, NYCHA must focus on analyzing that data with clear data governance standards. That's why the Transformation Plan outlines how NYCHA will establish better data governance. Once analyzed, that data must be used by Operations to make choices about how to respond, and where to focus its efforts with respect to training, hiring, staff allocation and other investments. The Transformation Plan emphasizes the need to create new "key performance indicators" to measure our progress.

Data will also be integrated into the Transformation Plan's new operating model and the new governance structure in order to hold employees at all levels of NYCHA accountable for making improvements where we are falling short. Reports that show compliance or lack of compliance with these metrics must flow up and down each managing jurisdiction. The CEO and Chief Operations Officer will know whether NYCHA is compliant across the portfolio. The Borough Vice President will know whether the applicable borough is compliant. Each Neighborhood Administrator will know whether that neighborhood is in compliance with the HUD

Agreement's data-driven 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.

[CALL OUT BOX] NYCHA's Mission & Vision

A critical step in positioning NYCHA to meet the challenges and opportunities confronting the agency now and into the future is to ground all our work in mission and vision statements which reflect our goals and aspirations. As part of this Transformation Plan process, we engaged the Executive Team and other employees in a series of discussions about the key values and guiding principles that we developed through our engagements with stakeholders. The new focus on compliance, culture of service, and strengthening partnerships create a new framework for the organizational mission and vision of the future state. The resulting new mission and vision statements confirm our commitment to those values and principles for NYCHA residents and Section 8 participants and reiterate the essential contribution that NYCHA will continue to make to the neighborhoods that make up New York City.

Mission Statement

NYCHA's mission is to provide quality housing for New Yorkers that is sustainable, inclusive, and safe, while fostering opportunities for economic mobility.

Vision Statement

NYCHA will re-orient itself at every level of the organization – from property-based staff to central office staff – to transform how services are delivered to residents. NYCHA will also expand its human capital agenda to include deeper social investments in education, health, job opportunities, and community networks.

Chapter 4. Governance Structure

The underlying conditions that led up to the HUD Agreement, coupled with the scope and complexity of the tasks that lie ahead to achieve compliance, underscore the need to strengthen the agency's governance structure and build a more effective, accountable and nimble executive leadership team. Towards this end, the Transformation Plan proposes changes to the NYCHA Board and executive leadership structure. NYCHA and the Monitor will work together to propose final changes.

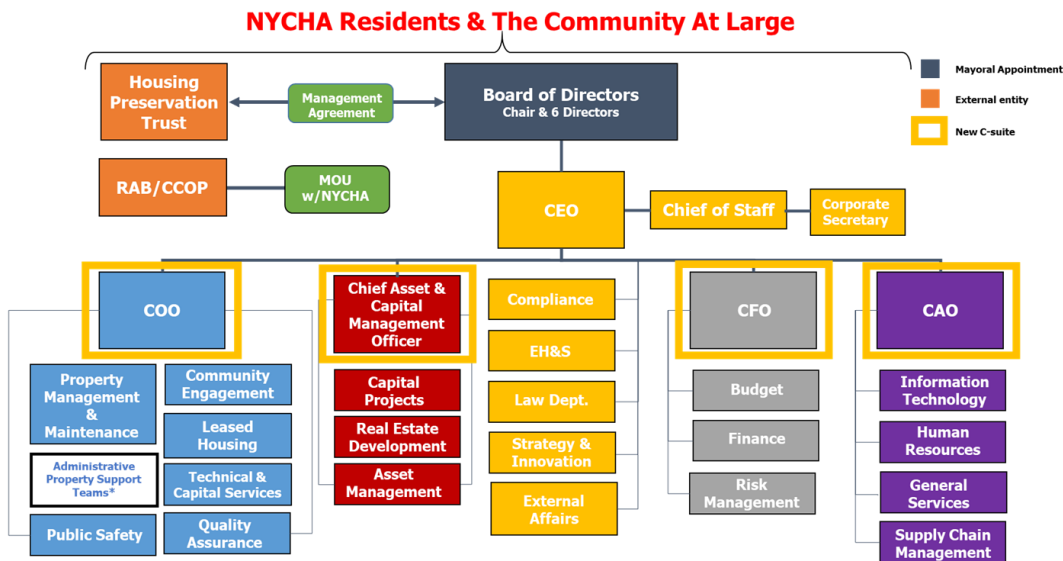
NYCHA's Board has seven (7) members—including three (3) resident members—all appointed by the Mayor. The Mayor designates one member as the Chair. This structure is set forth in the NYS Public Housing Law (PHL) Section 402 as well as in NYCHA's bylaws.

Under NYCHA's bylaws, the Chair also serves as NYCHA's Chief Executive Officer (CEO) and is responsible for supervision of the business and affairs of the agency. The Vice-Chair assumes the duties of the Chair if the Chair is unable to act. Board Member duties include voting on contracts, resolutions, policies, motions, rules and regulations at regularly scheduled meetings.

The PHL defines the Chair as a full-time paid position, which is unique among Housing Authorities nationwide, where the Board role is typically focused exclusively on policy and organizational oversight. NYCHA has historically been overseen by both a Chair/CEO and a General Manager, though the distribution of functions reporting to the two has changed over time. This bifurcated approach blurs the distinction between policy-setting and implementation and is inconsistent with the need for a clear distinction between Board and staff roles and for strong, accountable leadership to fully implement the numerous changes detailed in this Transformation Plan.

In parallel with other changes described in the Transformation Plan, NYCHA will propose legislative changes to the PHL and submit a resolution to the Board to amend the bylaws to create a new enhanced governance and leadership structure (see Appendix C for current NYCHA organizational chart). NYCHA will begin its analysis with the following proposal, though NYCHA will continue evaluating governance needs throughout the Implementation Plan process, and NYCHA's final proposal will be reflected in the Implementation Plan.

Proposed NYCHA Governance & Functional Structure



* Administrative support placed directly at frontline locations

A. Chair and Board of Directors

The most significant change under consideration regarding NYCHA's governance structure is to separate the roles of Chair of the Board and Chief Executive Officer (CEO) into two positions, with the CEO reporting directly to the full Board. As noted, this separation is common within the industry and would serve to strengthen accountability and better distinguish roles and responsibilities. Through a change to the PHL, NYCHA may propose that the Chair, as with all

NYCHA Directors, become a part-time unpaid position appointed by the Mayor. The role of the Chair and the full Board would be to set policy and provide oversight over the organization. In order to facilitate that function, NYCHA would propose to change the bylaws to create a new committee structure to enhance the role of the Board of Directors. Proposed charters for the committees are attached in Appendix D and also described briefly below.

The *Audit & Finance Committee* is tasked with ensuring sound financial practices and policies, ensuring the integrity of NYCHA's financial reporting, tracking financial performance, coordinating with internal and external auditing entities, and working closely with NYCHA's Finance Department.

The *Operations Compliance & Capital Committee* would be tasked with reviewing the ongoing operations and capital work of NYCHA, reviewing that operations of NYCHA are in compliance with statutory and regulatory requirements, as well as the HUD Agreement, and generally tracking performance of operations and capital projects, and providing recommendations on long-term portfolio planning.

The *Resident & Community Affairs Committee* would be tasked with reviewing NYCHA resident and community affairs. This committee would help foster ideas for improving our partnership with residents as well as help to address safety and security issues across the portfolio.

The *Governance Committee* would be tasked with informing the Board on current best practices in corporate governance as it pertains to the public sector and applicability to NYCHA and providing recommendations on Board Member training and development, consistent with current best practices. Our goal is to institute annual Board Member training that aligns with HUD and industry best practices.

NYCHA hopes to make these committees official in 2021.

B. Chief Executive Officer (CEO)

Under the new structure, the CEO's role would be to implement the Board's policy direction, hire and manage NYCHA's senior leadership team, and provide effective leadership to the organization. In support of this approach, the CEO would lead a full "C-suite" executive leadership structure with four direct-report Chief Executives who oversee major organizational functions as outlined below. NYCHA's bylaws would be amended to reflect this structure, while also providing the flexibility to adapt it as needed over time. NYCHA would propose to change the bylaws to allow the Board of Directors to appoint the CEO. This represents a change of appointment authority from the Mayor, although any new appointment in the next nine years or the length of the Agreement, if the latter is shorter, requires a joint agreement between the Mayor, HUD, and SDNY. This structure is common among public housing authorities and empowers the Chair to hold the CEO accountable for management of the organization.

C. Chief Operating Officer (COO)

Reporting to the CEO, the COO would assume a substantial portion of the existing General Manager structure. The COO's primary responsibility would be to oversee all organizational units involved with implementing the new Neighborhood Model of operations described below including Property Management & Maintenance, Community Engagement & Partnerships, and Public Safety. As required under the HUD Agreement, Quality Assurance would continue reporting to the COO as it currently reports to the General Manager. The COO portfolio would also include NYCHA's Leased Housing program to ensure that all housing units and vouchers are under the same executive management.

D. Chief Asset & Capital Management Officer (CACMO)

This would be a new position at NYCHA that would combine the oversight of the existing Real Estate Development Department and the Capital Projects Department. It would be NYCHA's goal for this new division to better integrate and align the existing work of the agency's two construction-related teams. The new team would work from a common set of priorities and bring comprehensive repairs to NYCHA apartments through strategic, data-driven portfolio planning and cost-effective project delivery and management. To build a single pipeline for capital work and Section 8 conversions, the team would conduct comprehensive neighborhood planning to better align with NYCHA's new Neighborhood Model for Property Management, strengthen our immediate and surrounding communities, and identify opportunities to bring improved health, educational, recreational, and social service amenities to NYCHA residents. The team would position NYCHA's housing portfolio for the future by embracing innovation in building materials and construction methods, integrating technology to enhance residents' living experience and improving building performance and management.

This new division would work closely with the Housing Preservation Trust, detailed in Chapter 9. The Trust would have a small staff, relying on this new division to plan the pipeline and oversee the conversions to the Trust. NYCHA's capital subsidy will shrink as more developments convert to Section 8 under PACT and the Stabilization Strategy. The work of the existing Capital Projects Division would shift in tandem, focusing on smaller scale capital replacements and working within the new portfolio planning process to ensure there is a plan for every building. This new division would also work closely with Property Management to protect our investments and ensure smooth transitions in project ownership.

Real Estate Development would continue to oversee the PACT/RAD transactions while also planning and executing property dispositions to the Trust. As NYCHA moves to a portfolio-wide conversion from public housing to Section 8 project-based assistance—while ensuring that tenants keep their current rights and the properties remain public—the functions of Asset Management will grow in importance including enforcing the long-term post-closing requirements of real estate transactions and the provisions of Section 8 Housing Assistance Payments (HAP) contracts.

E. Chief Financial Officer (CFO)

The CFO is responsible for all budget, accounting and financial planning, and risk management functions for NYCHA, reporting to the CEO. The role includes developing and maintaining appropriate financial policies and procedures to manage working capital effectively and providing sound advice on the financial implications of Board decisions. The CFO also oversees NYCHA's transition to property-based budgeting, providing Property Managers with more control over their development resources.

F. Chief Administrative Officer (CAO)

Reporting to the CEO, the CAO would oversee key central office functions including Human Resources, Information Technology, General Services, and Supply Chain Management. The CAO would play a key role in implementing and supporting the Borough Administration Teams which are a fundamental component of NYCHA's new Neighborhood Model.

G. Other Functional Areas Reporting to the CEO

In addition to overseeing the four (4) Chiefs, the CEO would directly manage Communications, Intergovernmental Affairs, Strategy & Innovation, the Law Department and, as required under the HUD Agreement, the Compliance and Environmental Health & Safety functions.

Chapter 5. NYCHA's New Operating Model

In 15 years, NYCHA will become the first housing authority in the country to celebrate its centennial anniversary. From the Great Depression to the urban renewal program to today, NYCHA has had a meaningful impact on the physical and social development of New York City. Each era came to ask and expect something different from NYCHA—as a landlord, a property manager, and a social services organization. Today, the complete set of functions and activities the agency performs is far beyond the imagination of Mayor Fiorello La Guardia or Chair Langdon Post in 1934. To build an effective and modern organization to meet the challenges ahead, we must first identify the obligations, expectations, and responsibilities of the New York City Housing Authority in 2021.

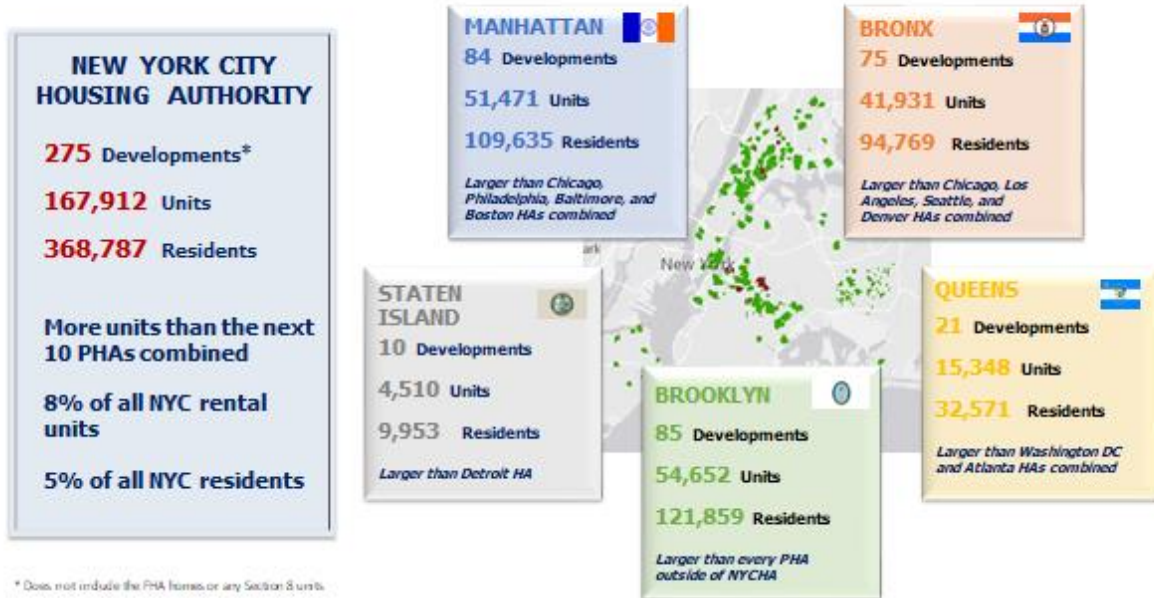
NYCHA's scale presents unique challenges. If the Brooklyn developments were a standalone public housing authority, it would be the country's second largest after the remainder of NYCHA. Managing the country's largest public housing authority—also the country's largest multi-family landlord and single-city property manager—is a difficult task, made even more challenging by decades of deferred capital investments and chronic underfunding. Among Public Housing Authorities, NYCHA was particularly hampered by federal cuts because the agency did not pursue wide-scale demolition of developments, unlike many of our peers.¹⁶

¹⁶ As noted in Chapter 2, the tight New York rental market has elevated the need to keep these units affordable and available. While other large PHAs like Chicago and St. Louis demolished towers in poor repair, NYCHA has not had that option given the city's housing shortage.

NYCHA Transformation Plan

NYCHA needs an organizational structure that both recognizes those challenges and best facilitates their management.

The scale of NYCHA's portfolio is daunting



Transforming NYCHA involves changing both the operational structure and the way we do business. The Neighborhood Model summarized below represents a major step towards reshaping the organizational structure at the property and neighborhood levels. To succeed, it must be paired with a new design for service delivery and development of a culture of service that can sustain these changes.

A. The Neighborhood Model

NYCHA's scale poses a daunting challenge for the organization and can force individual employees into near impossible situations. The current organizational structure can exacerbate the stress, by placing undue strain on frontline staff in lieu of building sustainable processes or developing system solutions to complicated problems.¹⁷ For example, one Regional Asset Manager currently covers two sites that are 22 miles apart—at least an hour drive by car during the day. How can we insist on having “eyes on a property” while making it virtually impossible to do so? The Action Plans--required by the HUD Agreement--have also brought a new wave of compliance demands crashing down on the frontline, with staff asked to do more without a corresponding increase in resources. Empowering NYCHA staff means reducing these additional

¹⁷ Transformation Plan, *Property Management Workshop*, Feb. 19, 2020; KPMG, *Current State Observations and Maturity Assessment*, pp. 10, 408, 421, 457.

burdens and designing an organization that enables and supports their success, not punishes their failure to perform miracles.

NYCHA developments were built within—and in some cases fully replaced—existing neighborhoods.¹⁸ Understanding the context of NYCHA developments relative to their surrounding communities is essential to improving service delivery and strengthening community connections. Many developments were built looking inward, as self-contained communities that isolated residents from their surroundings and the City. A new property-centric management model that supports our developments will unlock new insights on individual community needs and strengthen connections between NYCHA developments and their surrounding neighborhoods.

This new model will unlock a more effective, localized service offering by moving more resources closer to the point of delivery. Skilled trades staff—currently deployed at the Borough level—will eventually move to the Neighborhood, or even a subset of developments where possible. A portion of the central office staff will move from our headquarters in Downtown Manhattan to the Neighborhood offices, providing a stronger link between Property Management and the support functions. Instead of a singular, one-size-fits-all approach to managing our developments, the Neighborhood Model will provide customized service, in recognition of the specific needs of each site.

This model will ultimately underpin and impact every part of the agency. As developments are selected for conversion to PACT or the Trust, we will consider the neighborhood impact to ensure we are creating a more efficient and manageable legacy portfolio.

Going forward, NYCHA will organize Property Management under four geographic (Borough) organizations—Manhattan, The Bronx, Brooklyn and Queens/Staten Island. Each team will be led by a Borough Vice President and will oversee and support all NYCHA developments located within its respective geographical areas, including Mixed Finance and NGO1 developments, which are currently organized as functional boroughs distinct from the rest of the portfolio.

Each of the four borough organizations will be organized into neighborhood groupings—Organizing housing portfolios by neighborhood groupings is consistent with generally accepted large scale property management practices and will replace NYCHA’s current disparate and confusing regional structure. Under the existing system—which features 21 Regional Asset Managers (RAM) covering often non-adjacent developments—one RAM oversees Rutgers Houses on the Lower East Side, Stapleton Houses in Staten Island, and Bay View Houses in Canarsie. Another oversees Jackson Houses in the South Bronx, along with Edenwald Houses and Boston Secor near the Westchester County line. These roles are difficult enough without additional, unnecessary geographic challenges.

¹⁸ Marcuse, Peter, The Beginnings of Public Housing in New York. *Journal of Urban History*. 1986;12(4):353-390.

Organizing NYCHA at the neighborhood level

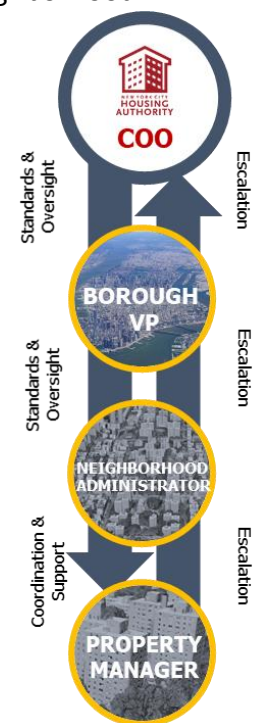


Moving to geographic boroughs will support and facilitate the provision of Property Management services at the neighborhood level. We will create up to 30 neighborhood portfolios, each consisting of 4,000-8,000 units and led by a Neighborhood Administrator, entrusted with more decision-making authority and control of the resources needed to effectively deliver services and ensure compliance at the individual property level. The newly constituted portfolios are far tighter and more contextual than the current RAM portfolios. The Neighborhood Administrator of Brownsville, for example, will oversee the nine developments that sit between Rockaway Avenue and Van Sinderen Avenue in Brooklyn. The Neighborhood Administrator of Alphabet City-LES will oversee the three large developments adjacent to the FDR, along with five smaller sites that line Avenue B and Avenue C.

Organizing NYCHA's housing portfolio around the City's neighborhoods will help Neighborhood Administrators get to know the unique needs and challenges of their respective neighborhoods and housing developments. NYCHA needs more supervisors to have "eyes on the buildings", and the relative proximity of their portfolio sites will allow each Neighborhood Administrator to spend significantly more time at each housing development than is possible with the current RAM structure.

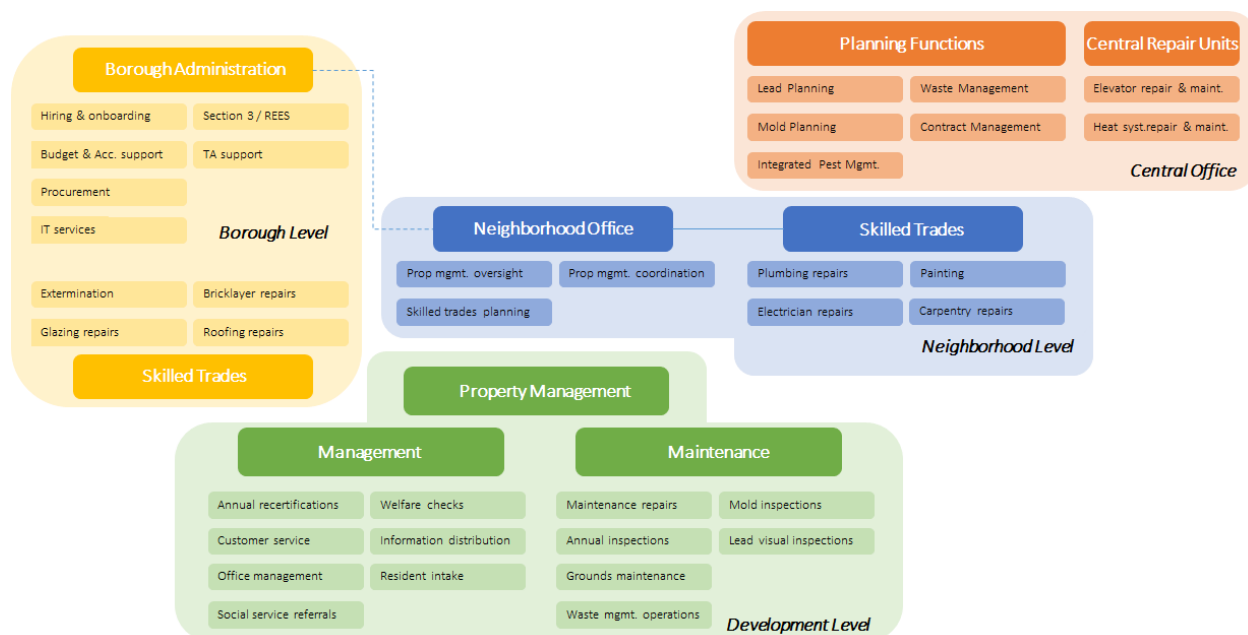
Neighborhood Administrators will play a critical role in the Transformation Plan and are central to NYCHA's new approach to management and service delivery.

The expectations for Neighborhood Administrators will differ from the existing RAMs. They must become stewards of their neighborhood housing portfolios, immersing themselves in the daily rhythms of their residents to fully understand their wants, needs, and challenges. While many RAMs only visit a given development 1-2 times per month, Neighborhood Administrators



will be expected to visit their sites on a weekly basis. They must come to know their sites in and out, developing their own perspective on the priorities for their developments and communicating those priorities to the Borough and central office as appropriate. When the Compliance Department produces on-site monitoring reports—detailed in Chapter 6—the Neighborhood Administrator will be responsible for ensuring that each development under their purview has corrected all identified deficiencies within required guidelines.

Neighborhood Model Functional Organization



Each Neighborhood Administrator will follow specific meeting protocols to ensure coordination with residents, property management staff, and Borough administrative staff. While Administrators will host these meetings on a set schedule, these do not preclude additional ad hoc meetings as necessary.

- Property Management Meetings** – Neighborhood Administrators will host two meetings per month with all Property Managers and Property Maintenance Superintendents under their purview. These meetings will focus on performance—a scaled-down version of the NYCHA Stat meetings described later in this Plan—and offer a chance for Property Managers and Superintendents to share best practices across their sites. If skilled trades staff has been allocated to the Neighborhood, these meetings will include skilled trades supervisors and schedulers.
- Resident Leadership Meetings** – Neighborhood Administrators will host monthly meetings with each Resident Association leader in their neighborhoods. These meetings will focus on key resident concerns at each development and offer an opportunity for resident leaders to discuss neighborhood priorities with the Administrator. Pending changes to the Memorandum of Understanding with the Citywide Council of Presidents

(CCOP), Neighborhood Administrators will also attend district-level resident association meetings on occasion.

- **Borough Administrative Team Meetings** – Neighborhood Administrators will host a monthly meeting with the Borough administrative staff that serves their Neighborhood, including representatives from Human Resources, Information Technology, Finance, and other departments. These meetings will focus on urgent outstanding Neighborhood needs like open vacancies or budgetary challenges.

As part of this model, we will also evaluate every “consolidated” development—those developments without an on-site Property Management office that are managed by staff from another site. Most consolidated properties are smaller, often scattered-site developments, although a few larger sites are included. With split coverage, these developments do not always get enough attention to their specific needs and challenges. Once the Neighborhood Model is operational, all consolidated developments will be evaluated for potential reconfiguration or new Property Management offices where warranted. We will prioritize larger sites—with a workload that can sustain a full or partial staff—that are located a half mile or more from their current management offices.

The full breakdown of NYCHA’s Neighborhood Portfolios is detailed in Appendix E.

The Neighborhood will become the primary node in interactions with the central office—Each Neighborhood will have support from a team of previously centralized staff, including HR, Supply Management, and Finance, with the end goal of providing rapid, responsive services in support of property-level operations.

[CALL OUT BOX] Accountability

Throughout our engagement sessions, we heard from residents and staff on the need for more accountability in our operations. This Plan introduces new structures and processes designed to strengthen accountability in every part of the agency. This includes the additional oversight provided by the Neighborhood Model and Borough Administration teams, which will move new accountability structures to the local level. As described in Chapter 7, the Compliance Department will continue to conduct on-site monitoring, which identifies specific deficiencies by development and requires Property Management staff to prepare a corrective action report. Environmental Health & Safety and Quality Assurance add further layers of accountability for property management, ensuring work is done safely, properly, and to our residents’ satisfaction. Human Resources will explore new performance reviews to formalize our development process and ensure each staff member is meeting the agency’s performance standards.

NYCHA is committed to holding ourselves accountable and enforcing our obligations to our residents. This Plan is a key first step in adding that accountability across the organization.








B. Borough Administration Teams

NYCHA is restructuring its central office support by standing up Borough Administration Teams in response to the feedback that departmental silos within NYCHA hinder timely service delivery to our customers and result in inefficient operations. This strategy works with the Neighborhood Model to ensure that property management receives greater support from central office administrative functions as more decision-making power is shifted to the property level to improve oversight capability.

Each of the four geographic Borough organizations will be supported by a team of staff representing essential central office administrative functions—human resources, finance, information technology, and procurement, among others. These staff will be co-located at offices within the boroughs and will serve as main points of contact to either directly resolve tasks at the borough level or escalate to appropriate contacts at each functional department. This model is not new to NYCHA as the Community Engagement & Partnerships already operate in a similar, geographically focused manner. However, this is new to central office functions and is meant to break down the silos that exist between property staff and central office staff, bring essential service delivery support functions closer to the property level and respond to the frequently voiced complaints of site staff that they are waiting for “downtown” to respond.

NYCHA is utilizing a seven-part organizational design framework to develop the Borough Administration Teams. As shown below, NYCHA will use these questions during the implementation process to guide the design process.

Organizational Design Questions for Borough Administration Teams

	Borough Admin Team objectives	<ul style="list-style-type: none"> What is the role of the Borough Admin Team? What are the goals and objectives of the Borough Admin Team? Do these match the needs of Property Management?
	Operating model	<ul style="list-style-type: none"> What is the operating model for the Borough Admin Team? How does the Borough Admin Team interact with other borough office units? Should the operating model be designed to mature over time (i.e., different structures in near vs. longer-term)?
	Organizational structure	<ul style="list-style-type: none"> Who will assume project and people management responsibilities for borough-based functional staff? What are the roles and responsibilities of each staff person in the Borough Admin Team? What is the management matrix and who will evaluate performance of borough-based Central Office staff?
	Staffing model	<ul style="list-style-type: none"> What roles are needed, how are they staffed, and how will borough assignment be decided? Will workload for each function be similar across the four boroughs? What are the recommended skillsets and competencies of staff (e.g., culture of service)?
	Interaction model	<ul style="list-style-type: none"> What are the processes and hand-offs between the Borough Admin team staff? What will borough offices and Central Office do to coordinate so that everyone's aligned on priorities? For roles where only one person is assigned at the borough level, how will back-up coverage work?
	Performance management	<ul style="list-style-type: none"> What are the performance metrics and KPIs against which the Borough Admin team is measured? What are the target outcomes for the Borough Admin team in the near vs. longer-term? How is reporting and analytics used to inform and continuously improve the Borough Admin team?
	Information management	<ul style="list-style-type: none"> What is the IT infrastructure needed to support the Borough Admin team? Which components of the IT infrastructure are readily available? What is the IT roadmap to fill gaps?

Borough Admin Team Objectives

The Borough Administration Teams' goal is to coordinate NYCHA's Central Office administrative functions at the borough-level to build rapport across departments, streamline and prioritize

task requests, reduce transaction time, and thereby deliver improved service to NYCHA public housing employees and residents. These work objectives are accomplished by co-locating support service staff at borough offices and by facilitating regular meetings to proactively plan for and resolve issues related to financial planning, human resources, vendor management, and IT. Furthermore, the Borough Administration Teams will develop performance metrics to align support services' performance evaluation with operational outcomes to foster a culture of service.

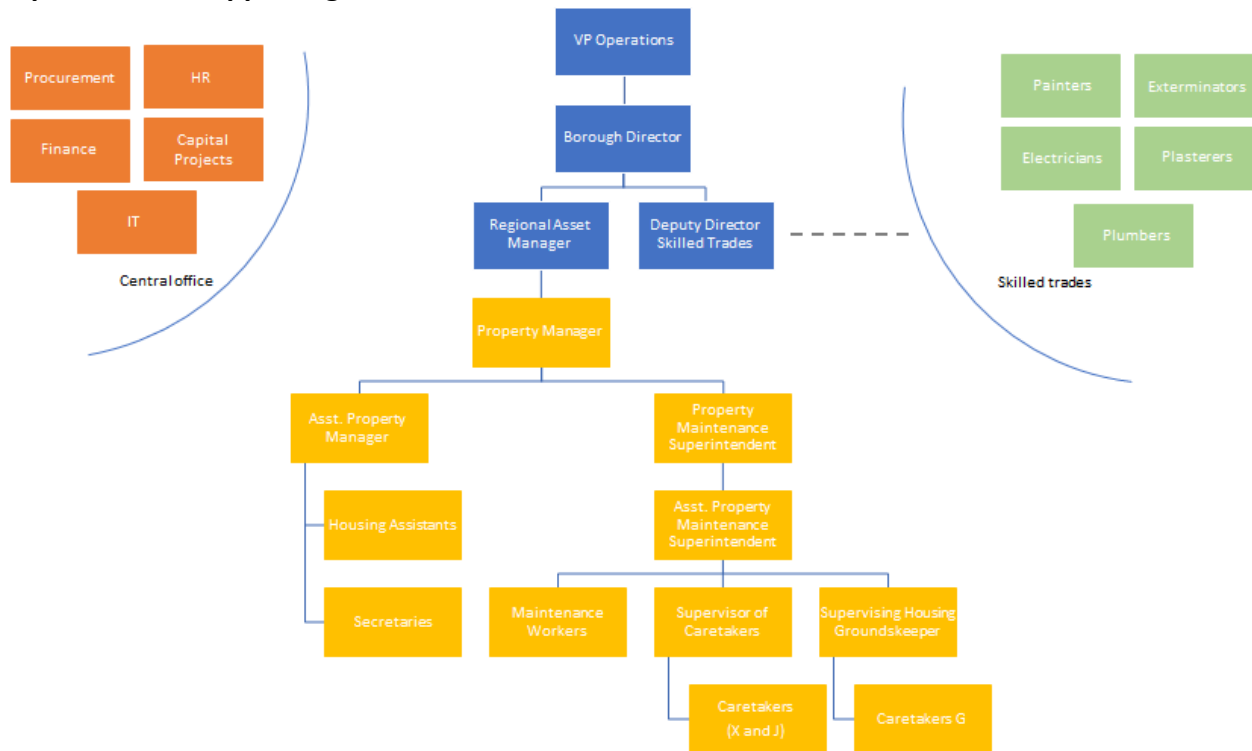
Responsibilities

- Coordinate support service functions within each borough to ensure timely, efficient, and responsive execution of administrative tasks;
- Coordinate tasks across boroughs to streamline and prioritize enterprise-wide tasks and special initiatives;
- Evaluate and revise processes to reduce cycle time for routine tasks;
- Cross train property management and support services staff to reduce administrative reporting errors, increase the use of data and planning documents, and leverage technology to improve service to residents.

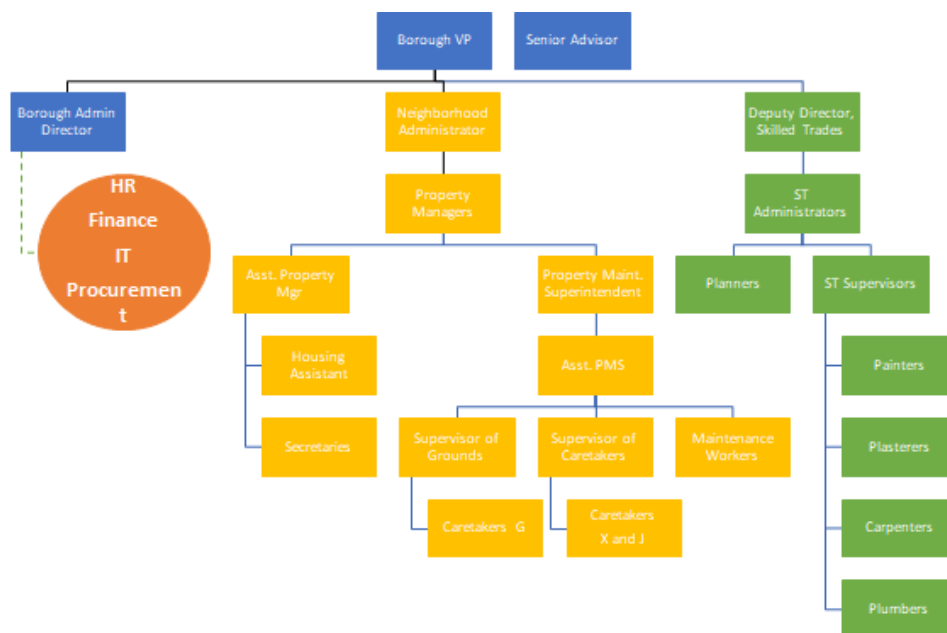
Operating Model, Organizational Structure, and Staffing Model

To identify staff roles for borough deployment, relevant department leaders collaborated to identify business processes that would most benefit from co-locating staff. Selection criteria included processes with multiple hand-off points across departments, processes with high error rates, and processes undergoing changes as a result of other initiatives in this Plan and thus require additional training and assistance. These brainstorming sessions helped identify tasks such as budget modifications, Personnel Action Requests submissions, and vendor receipt processing for consideration. This information then helped narrow down staff roles and staffing levels. The initially identified roles include Human Resources (HR) Employment Analyst, Financial Planning & Analysis (FPA) Budget Analyst, Accounts Payable Analyst, and IT Client Services Staff. NYCHA will continue to perform analysis to understand the scope and size of each role to determine staffing needs and the final operating model and organizational structure.

Operations & Supporting Functions - Current



Neighborhood & Borough Admin Org Chart – Future



Interaction Model and Performance Management

NYCHA will carefully review these roles' current responsibilities and job design and assess opportunities for further streamlining to reap the benefits of co-location. The Borough Administration Teams' approach goes beyond simply moving job locations. Instead, the approach seeks to reengineer business processes to ease current administrative pain points of Property Management staff and eventually provide a full suite of support services at each borough.

For example, backfilling vacancies currently requires property managers to submit the Job Order with the correct Position Control Number using head count variance and pipeline reports from Finance and HR. These tasks are error-prone and often require multiple exchanges. Once the Job Order is successfully submitted, it is approved by the respective Operations VP and is then routed first to FPA then to HR. In the proposed model, the HR Generalist will perform error-prone tasks currently handled by Property Managers to submit the Job Order and work side-by-side with the deployed FPA Analyst to reduce the review and approval timeline. Given the citywide and agency-wide use of civil service lists, it will be important for that Generalist to coordinate with other boroughs as well as Central Office HR. This synergy allows developments to backfill essential positions in a timely fashion. Another example is the placement of the FPA staff at the Borough as Property-based Budgeting is rolling out to provide ongoing training and coaching.

This new structure requires deliberate staffing and performance management plans to maximize the benefits of coordination and increase accountability. Each Borough will have a Director of Borough Administration reporting directly to the Borough Vice President. They will be charged with organizing all the central office support functions in a way that improves service delivery to the neighborhood and property levels. Their responsibilities will include partnering with Performance Management & Analytics to develop Key Performance Indicators ("KPIs") focused on operational outcomes, setting regular meetings and bi-directional feedback channels, and building strong collaborative working relationships with central office departments as well as their counterparts. While staff from various departments will be placed within each Borough Office, they will continue reporting to their respective Central Office Directors with input from the Director of Borough Administration. This will enable better development and career paths, more standardized evaluation, and cross-departmental learning for staff while ensuring that processes are consistently implemented across all boroughs. As we stand up the Borough Administration teams—and at regular intervals thereafter—we will evaluate staff capabilities against required responsibilities and capabilities, providing additional training and coaching as needed.

C. Maintenance Operations – Work Order Reform

Skilled trades staff—including painters, plumbers, electricians, and carpenters—play an essential role in the operations of NYCHA developments. These staff handle a broad array of

tasks that directly impact the quality of life for residents—addressing plumbing and electrical emergencies, responding to thousands of different building and apartment service needs, and performing numerous other critical work items. Improving systems to ensure the effective and efficient deployment and tracking of skilled trades workers in the context of deteriorating/aging buildings and complex work rules is a key element of the Transformation Plan.

Throughout the process leading up to the Transformation Plan, we heard from residents and staff that moving skilled trades workers closer to the property level would generate material improvements in NYCHA’s ability to efficiently deliver maintenance services. This shift would move NYCHA closer to the structure it employed in the early-to-mid-1990s. Over the last 20 years, budget constraints and cost-cutting pressures led to a reduction of almost 3,000 employees—including many skilled trades staff—forcing the agency to move to a more centralized model. As we move back to a decentralized model—moving these skilled trades workers as close to the development as possible—we will need additional staff to provide adequate coverage. In addition, we will make sure property management staff have the training they need to deploy the skill trades effectively.

The highest demand trades—including painters, carpenters, and plumbers—will be moved to individual developments, where they will be overseen and dispatched by neighborhood supervisors and planners. Other trades, including plumbers and electricians, will be moved to the Neighborhood level, where they will be shared by 2-4 developments. There are numerous benefits to stationing skilled trades staff at developments. With a consistent on-site presence, residents and staff form relationships that promote accountability. Over time, staff members gain specialized knowledge of the unique issues facing the buildings and systems they serve, allowing them to provide better service. In cases of complex work orders that require sequencing several skilled trades, members of the team more easily communicate to solve problems and schedule work. Finally, time previously spent traveling around the borough or between boroughs is reinvested into the developments. **In support of the Neighborhood Model, we began a pilot program in the Western Queens neighborhood to test this new approach to assigning and deploying skilled trades work.**

Along with the decentralized system, the pilot revamps NYCHA’s work order process, requiring that all necessary work orders for a resident’s request be made simultaneously on-site during the first maintenance visit. This means that residents can schedule all their appointments in a single phone call. In the current system, the next step in the repair process was only scheduled once the previous step was completed and was often scheduled without resident input on availability. This proposal resembles NYCHA’s model prior to 2012, at which point a hyper-focus on craft-specific Service Level Agreements (SLAs) created problematic incentives in scheduling. While individual SLAs may rise under this model, total repair time will decrease, and the data becomes more meaningful as it reflects the resident experience. This model will put skilled trades performance in context, focusing on full repairs completed while accounting for staffing levels and schedules.

Previous attempts to decentralize skilled trades at NYCHA failed. To avoid a similar fate, we adopted a participatory design approach and engaged performance improvement specialist Carpedia in late 2019. Rather than the top-down design and implementation approach, participatory design involves all stakeholders in the design process to ensure that the result meets their needs. The first few months involved a discussion of resident input on the issues of the work order process from their perspective. Employee focus groups with borough development staff then mapped work order processes as they exist in the field, few of which were standardized across the boroughs. Through this process, Carpedia identified five areas with room for improvement: 1) managing performance, 2) allocating people, 3) job scoping, 4) assigning tasks, and 5) managing supplies.

Pilot Program Performance

The pilot program began on October 1, 2020 in Astoria, Queensbridge North, Queensbridge South, and Ravenswood, during which time employees and residents have been engaged in refining the process. Not only are skilled trades staff stationed on site, which increases efficiency and responsiveness, residents are now able to schedule all of the appointments needed to complete a repair in a single phone call. The pilot also introduced a localized data-driven approach: the creation and review of a dashboard which measures several new Key Performance Indicators (KPIs) and integrates data from our Kronos timekeeping system to evaluate individual employee performance and productivity.

Early results from the pilot demonstrated a combined 15% increase in productivity among both skilled trades and maintenance workers with the most significant gains among plumbers (65%) and painters (35%). The smallest gain seen is among Carpenters, who continue to be held up due to material procurement delays, some of which are COVID related. The length that it takes to complete the totality of a repair from the initial maintenance work order until the last skilled trades work order has also decreased.

Productivity levels by craft ranged from 1% to 65% with an average of 15%

Trade	R1 Hours per Task <i>Baseline from 2019</i>	R2 Hours per Task <i>Pilot Required Results</i>	Actual Hours per Task <i>Pilot Results</i>	Actual Improvement %
Maintenance	1.39	1.32	1.20	13%
Carpenter	6.68	6.36	6.64	1%*
Electrician	10.23	9.74	9.02	12%
Painter	8.22	7.83	5.33	35%
Plasterer	24.93	23.74	23.97	4%
Plumber	20.85	19.86	7.39	65%

- Hours per Task = Productivity Measurement for the Program
- Hours = Worked Hours from Kronos (Regular and Overtime)
- Tasks = Parent or Child Work Orders 'Completed with Work'

*** Note on Carpenter:**

Specific project work (with longer than average completion times) was conducted during the final two weeks of 2020. Results dropped from 3% improvement to 0% though performance in January rebounded to the R2 level. This aggregated performance is projected to return to R2 level which will continue to be monitored over the coming weeks

As of February 2021, 119 hours that would otherwise have been used for travel time by our skilled trades have been reinvested into serving our residents. We have seen a 44% increase in residents at home during their scheduled repair times. While this may be partially due to

COVID, it may also be attributed to the change in the way work orders are scheduled: Previously, skilled trades work orders could be scheduled without resident input on availability. In the new model, the resident schedules all skilled trades work orders after that first visit from the maintenance worker, resulting in a time that is scheduled that is convenient for the resident. Due to its success, the pilot has been preliminarily extended and funding has been allocated for a roll out to the rest of the portfolio starting in Q4 of 2021. This includes additional skilled trades and planning staff, and four additional trainers for Learning and Development who will be focused on training maintenance workers.

As of January 2021, planning for portfolio-wide implementation has begun to move forward for technology changes developed during the engagement and tested during the pilot, including mapping Kronos employee hours to Maximo work hours and a “job-based approach”. While NYCHA internally can track the start of the repairs using a “parent-child” relation, residents and field staff are not able to see the entirety of the repair. A job-based approach which provides visibility to the resident and field staff to the totality of the repair allows for greater transparency with full tracking from the initial call by the resident to completion of all work in the unit, and scheduling of all needed trades to complete the service request upon the first visit to the apartment.

When the skilled trades decentralization is extended to all developments, NYCHA is exploring adding highly knowledgeable maintenance deputies to support the Neighborhood Administrator, akin to a role that the Authority had from the early 1960s through the 1990s. Historically, NYCHA operations were divided in two tracks—the management track, which oversaw Property Managers and Housing Assistants in administration tasks, and the maintenance track, which oversaw Tradespeople and Maintenance Workers in conducting repairs. Today, the lines are mixed, with the Resident Building Superintendent, part of the maintenance track, reporting to the Property Manager, part of the management track. While the current Regional Asset Managers can come from either track, the vast majority come from the management side. With more maintenance work directed from the Neighborhood level, NYCHA is exploring adding highly knowledgeable maintenance deputies to support the Neighborhood Administrators by offering expert technical advice to maintenance staff and providing oversight over staff allocation.

[CALL OUT BOX] Closing Work Tickets

One of the complaints that NYCHA often hears from residents is that “my work ticket was closed without me knowing and without work being done.” NYCHA recognizes that this occurs, sometimes for good reason and sometimes not, but it should never be a surprise for our residents. This issue crosses over many of our key values including culture of service, better partnership with residents, and using data to drive decisions. Therefore, NYCHA commits to reviewing our protocols for closing work orders. This will involve analyzing the data on existing work orders and the reasons for closing, as well as an end-to-end process review from the Customer Contact Center through the property management and maintenance staff and

inclusive of resident feedback. The analysis will result in recommendations for changes to the protocols that include a focus on how we communicate with our residents and how we share information on work order status.

D. Alternative Work Schedules (AWS)

In support of the Neighborhood Model and efforts to improve property conditions, NYCHA is working towards more flexible and responsive work schedules for Caretakers and Maintenance Workers, recognizing that conditions at each property can dramatically change after normal business hours and on weekends.

Traditionally, NYCHA Caretakers, responsible for all grounds and hallway clean-up, along with other janitorial tasks, worked 8:00am-4:30pm Monday through Friday. In late 2018, NYCHA and Teamsters Local 237—which represents all NYCHA Caretakers—signed a new collective bargaining agreement that allowed for Alternative Work Schedules (AWS), consisting of four, 10.5-hour work days per week. The alternative schedules were first introduced at select developments in April 2019, and implementation across all developments was completed in February 2020. Since that time, roughly 75% of Caretakers have been assigned to alternative work schedules.

AWS, as first designed, had two purposes. The first purpose was to increase responsiveness to resident concerns around litter by providing extended hour coverage. However, under AWS the share of development staff assigned to work on any day of the week ranges from 92.5% on Monday to 30% on Saturday and Sunday. The change has also reduced weekend headcount compared to the traditional schedule. Under the traditional schedule, the weekend formula required “1/3 + 1” of all Caretakers at a site to work five hours on Saturday and Sunday. Under AWS, 30% of Caretakers work Saturday and 30% Sunday—at a site with 30 Caretakers, the traditional schedule had 11 Caretakers on site on weekend days, while AWS only has 9. AWS, however, with longer weekend shifts, still provides slightly more overall weekend coverage.

The second purpose was to reduce overtime costs by moving to AWS. Under the traditional schedule, all weekend work, planned or unplanned, was compensated at 1.5x their wage—the same rate paid for overtime weekday work. Under AWS, Caretakers receive 1.2x their wage for scheduled weekend work and 1.5x their wage for all other overtime. Despite this intent, AWS has increased overall costs because of increases in unscheduled overtime among supervisors.

Intended Benefits Have Not Materialized

From the initial rollout, residents and employees noted that the AWS program was not working as intended.¹⁷ In June 2020, as part of this Transformation Plan, NYCHA hired the Public Policy Lab (PPL)—a nonprofit government innovation consultant—to evaluate and make recommendations to the Caretaker AWS program.¹⁸ Selecting three Property Management sites, the consultant shadowed employees and conducted interviews. NYCHA also distributed a survey on PPL’s behalf to NYCHA residents and employees in order to evaluate citywide

resident and employee sentiment regarding AWS and its intended benefits. 90% of employees and 68% of residents who responded to the relevant survey question stated that AWS had not benefitted their developments in the year since its implementation, with consistency in response across length of employment and resident. Notably, staff in supervisory roles – who PPL’s analysis found to receive slightly higher pay under AWS than under the previous schedules – were among the likeliest to disapprove of AWS, suggesting that changes in pay were not the driving force behind employees’ evaluation of the program.

PPL found that the new schedule had not achieved its intended purposes across a variety of measures, including accountability, training, productivity, morale, safety, and relationships. They presented findings and recommendations that we will use as the basis for possible changes to the program, including:

- A massive increase in observed staff—40-55%—is needed to provide sufficient coverage across the expanded hours under the current AWS schedule^{19 20}
 - After Mondays, which feature the highest staffing levels, developments report insufficient staff to complete necessary tasks under the tapered weekly schedule. While COVID-related absences have exacerbated this problem—and likely inflated the estimate of additional staff needed—reports of insufficient staffing at the end of weeks predate the pandemic.
 - The benefit of floating staff is limited, as supervisors reported it was ineffective to send inexperienced staff to sites when they most need additional coverage.
- Staff increases are necessary, but not sufficient, to make AWS work
 - Evening extensions were found ineffective. Although official policy allows staff to work in pairs during evening hours, PPL observed Caretakers working only near the management office and not inside buildings, citing safety concerns.
 - AWS also “diminished camaraderie and trust among staff. Caretakers used to work together on the traditional schedule, but now they perceive they work opposite one another; this has led to some staff not taking responsibility for their work and leaving the next day’s caretaker with extra work.”
 - “Working on an AWS schedule has increased stress in Caretakers’ personal lives. Some Caretakers expressed frustration with the long hours and early starts, as this has deeply affected their family routines.”

Next Steps

PPL recommended that building-based caretakers (Caretaker Js) be moved back to the traditional schedule, while task-based caretakers (Caretaker G's and X's) be scheduled 7-3:30 daily, alternating every other weekend.

NYCHA is currently analyzing options based on those recommendations as well as other scenarios. We are analyzing a few possible reconfigurations, including:

- Reverting Caretaker Js to a traditional weekday schedule with overtime weekend hours
 - Both on-the-ground supervisory staff and central office staff with operations experience frequently blame AWS for reducing janitorial staff's "pride of ownership" over the buildings they care for. Specifically, because fewer Caretaker Js are on a Monday-to-Friday schedule, supervisors feel unable to assign caretakers to particular buildings day after day, and instead spread staff across entire sites to address daily needs. Restoring all Caretaker Js to a traditional schedule would enable a return to routine building-based assignment.
 - Although AWS has increased worker-hours on Mondays in order to address the accumulation of work over the weekend, this change has come at the expense of worker-hours later in the week. As a result, development and operations staff report that incomplete work now accumulates *during* the week. Equalizing the number of caretakers present on each weekday would help ensure that both routine daily tasks (such as building sweeps) and emergent tasks (such as the cleanup of spills, etc.) can be addressed regardless of the day of the week on which they occur, making work less likely to accrue across workdays.
- Converting the 5-hour weekend shifts that were previously assigned under traditional schedules to 8-hour shifts
 - Although AWS resulted in a lower weekend caretaker headcount than that under a traditional schedule, weekend worker-hours increased slightly as a result of longer shifts. Introducing 8-hour weekend shifts for some or all caretakers on a traditional schedule would preserve the benefits of higher weekend worker-hours while also realizing the benefits of a traditional weekday schedule, discussed above.
 - At the same time, introducing 8-hour weekend shifts would require coordinating with NYCHA's labor partners to re-envision how frequently weekend shifts are assigned to staff – for example, by assigning staff to work

one-day weekends with a higher frequency as opposed to working two-day weekends every three weeks. The exact parameters of this plan would be subject to negotiation.

- Eliminating or reducing early-morning shifts for all caretakers and supervisors
 - Because of the observed inefficiencies associated with dark hours (discussed above), schedules with shifts starting at 6:00 AM are both inherently less productive than those relegated to ordinary working hours. Eliminating early-morning shifts in favor of traditional schedules would ensure that workers' time on the job is spent more productively.
 - Early-morning shifts are deeply unpopular among staff, due in part to the difficulties they create in obtaining transportation to work and adequate childcare. As such, early schedules frequently feature fewer caretakers than other schedules, yet require the same amount of supervisory staff presence. Replacing early shifts with either traditional shifts or 8:30 am – 7:00 pm AWS shifts would therefore result in a more efficient use of supervisors' time and would likely lead to a decrease in supervisors' unplanned overtime hours, which ballooned under AWS. Moreover, eliminating the need for early-morning supervision would more closely align supervisors' schedules to those of maintenance workers under the pending Maintenance Worker AWS program (discussed below), creating further efficiencies in scheduling Assistant Resident Building Supervisors.

In order to estimate the cost impacts of these actions, NYCHA created model schedules for several consolidations and conducted a portfolio-wide analysis of caretaker and supervisor shift changes. Even under conservative estimates related to the inefficiencies of AWS, these analyses suggest that combining the above steps would produce savings in the range of 3-4% on labor costs per effective worker-hour. This means that, accounting for the inefficiencies of unplanned overtime work and unproductive dark hours, NYCHA would pay 3-4% less for each hour of fully productive work under alternatives to AWS, even if overall personnel costs would rise slightly were current headcounts to be preserved.

Moving caretakers to a new schedule would require significant investment and administrative labor. In selecting a path forward, NYCHA must now weigh the benefits of each alteration to Caretaker AWS against the costs of doing so, including the need for a new shift pick among caretakers for whom new shift options are introduced. More broadly, NYCHA must weigh the continued costs and inefficiencies of AWS against the identifiable problems that led to the program's introduction.

Maintenance Worker AWS Set to Proceed

The ultimate finding of the PPL engagement was that Caretaker AWS has been an expensive and taxing exercise for both employees and residents; however, an additional observation from the consultant was that both residents and staff reported AWS would be a better fit for maintenance workers. NYCHA is already working on expanding AWS to cover maintenance workers, with a projected start date of March 2021. The Maintenance Worker AWS initiative will allow working residents to be able to schedule in-unit appointments in the evenings and on weekends.

There are significant differences between the Maintenance Worker AWS and Caretaker AWS initiatives. As opposed to Caretaker AWS, there will be no early morning shift for maintenance workers. Additionally, rather than the 20% weekend differential, employees working on Saturday will have a 25% differential. Employees working Sunday will receive the standard overtime rate of a 50% differential. Similar to Caretaker AWS, Maintenance Workers on the AWS schedule will receive a one-time \$1,500 bonus for volunteering for an AWS shift.

In addition to the traditional schedule of 8 a.m. to 4:30 p.m., Maintenance Worker AWS includes a variety of schedule options that include additional weekend days and weekdays that extend to 7:00 p.m. An additional 56 Maintenance Workers, or approximately one additional employee for each 2.5 developments, are scheduled to be added to the workforce. Two additional emergency service aides will also be allocated to the Emergency Services Department (ESD). Plans for increased supervision, another recommendation from the consultant, is currently under study.

E. Property Managers & Property-Based Budgeting

NYCHA Property Managers are the leaders in charge at each development, overseeing teams of Housing Assistants, Clerical Assistants, and Secretaries to ensure the ongoing operation of the site. Property Managers also oversee the Resident Building Superintendent, who manages all maintenance activity on-site. A key element of the Neighborhood Model is to provide NYCHA Property Managers with the tools and resources needed to effectively manage their sites, and to empower them to make real-time decisions in the best interest of the residents and the property. The structure of the Property Management office is important as this is a key point of service delivery for NYCHA residents. A key to improving service delivery is to empower Property Managers to have more ownership over their developments.

An essential component of “ownership” is a reasonable degree of involvement and control over the property-level budget. NYCHA is strengthening the property-based budgeting process to better train and empower Property Managers to develop and manage their property budget. The current process requires Property Managers to submit funding requests to the Borough Offices, and only Borough-approved requests have been considered by Operations leadership for final inclusion into the budget.

NYCHA engaged BDO PHA Finance to provide consulting services and assist NYCHA in implementing HUD's asset management requirements. Towards this end, over the course of 2020 and 2021, Property Managers will receive training in basic and advanced budgeting concepts, general ledger account structure, effective use of financial reporting tools, and HUD asset management concepts. Beginning with the creation of the 2021 Budget and Five-Year Operating Plan, Property Managers will play an enhanced role in the creation of the budget for their respective properties. Specifically, Property Managers will submit their requests for development-managed contracts, supplies, equipment and other non-personnel (known as "Other Than Personnel Services," or OTPS) funding directly to Operations leadership for consideration. This new "bottom up" approach will allow NYCHA to more strictly adhere to HUD asset management requirements (codified at 24 CFR 990), provide more local control over property budgets, and above all, ensure that NYCHA residents are better served.

NYCHA will utilize a phased approach to include the Property Managers in the budget process and transition other departments, such as Skilled Trades, that provide services to the properties to embrace the foundations of property-based budgeting.

Phase I Progress & Goals

In the initial phase, Property Managers will start to take more of an "ownership" approach to managing each property. Property Managers will now be included in providing budget amounts for specific Budget Responsibility Group (BRG) line items for maintenance supplies, equipment and contracts. We started with a select group of discretionary accounts but plan to increase the local control in future phases as we scale up training. The BRG line items will have one aggregate budget but will be the primary responsibility of the Property Managers to assist with budgeting amounts within the BRG line items along with the Budget Department. NYCHA has already trained all Property Managers on the new budget process and technology requirements. We surveyed the Property Managers and staff who participated in the initial training sessions and found that:

- 68% responded they have a good understanding of their general ledger account structure
- 75% responded they have a good understanding of their discretionary accounts
- 80% responded they know who their Budget Liaison is
- 67% reported the Financial Planning Database (FPAD) training was easy to follow
- 72% responded that they had the information they needed to enter their budget request

All Property Managers submitted their 2021 budget requests in the FPAD database by our mid-October deadline as requested. For this to happen, the Budget Liaisons provided 1:1 support to each Property Manager on both the database technology and the content of the request. Following the training, the Budget Liaisons proactively reached out to each Property Manager to set up a follow up meeting. The Budget Liaisons met with each Property Manager at least

once, but it often required multiple meetings to overcome Property Managers' unfamiliarity with the database and assist them in crafting their budget requests.

Phase II Goals

NYCHA will continue to expand the asset management model during FY 2021 in preparation for the FY 2022 budget year. This will include providing additional training for Property Managers on property operations and understanding property-based budgeting and financial statements. With the decentralization of skilled trades to the neighborhood level, NYCHA can reconsider how these costs are allocated. NYCHA will review the current cost allocation methodology and develop an implementation plan to improve fee-for-service charges. Cost allocation allows an agency to allocate indirect costs to the properties based on a reasonable basis. A fee-for-service is used in lieu of a cost allocation plan or to recover overhead costs, as is required for certain activities per 24 CFR 990, subpart H.

F. Alternative Management Options

Several smaller NYCHA developments are currently managed by private property management firms. Under the new Neighborhood Model, these firms will continue to manage these developments under the terms of their contracts but will report to the Neighborhood Administrator responsible for the area, who will oversee and escalate issues at those sites. NYCHA will continue to explore opportunities for private management of properties as it provides a way to mitigate the challenges of our scale. We will assess strategic properties or clusters of properties for private management opportunities. Any new private management contracts will require firms to report to the respective Neighborhood Administrator.

Under HUD's 24 CFR § 964.225 (b), all housing authorities "shall give full and serious consideration to resident management corporations seeking to enter into a management contract with the [Housing Authority]." Residents should have an active role in addressing local property management and quality of life issues. NYCHA will explore supports for resident leaders seeking to form Resident Management Corporations (RMC). RMCs have been permitted under HUD rules since the mid-1990s. Historically, RMCs have had limited success in cities that have implemented the approach.¹⁹ Property conditions at RMC sites have often been problematic and in such disrepair that any property manager would have difficulty maintaining the units. This would be a similar challenge for NYCHA, however, NYCHA will explore this model as an option in the property management structure for properties that have undergone rehabilitation, recapitalization and transition to the Section 8 platform through the Housing

Preservation Trust.²⁰ In support of residents seeking this alternative, and as recognition of the potential for RMCs in terms of creating opportunities for resident empowerment and employment, NYCHA will continue to give due consideration to all Resident Management Corporations as they arise.

G. Labor & Collective Bargaining

NYCHA's workforce is overwhelmingly unionized labor, with only about 3.5% of the employees denoted as managerial. Nearly 70% of the workforce is represented by the International Brotherhood of Teamsters (Citywide & HA Unique) and another approximately 12% is represented by various DC37 titles. In June 2020, NYCHA engaged a labor management firm, Littler Mendelson, to review opportunities for renegotiating collective bargaining agreements to achieve work rule and other productivity savings. Conversations are ongoing but complicated due to the City's ongoing conversations regarding possible layoffs. NYCHA recognizes that HUD could abrogate the unions' contracts under Paragraph 64(b) of the HUD Agreement. NYCHA will continue to negotiate and discuss with union leadership and make reasonable efforts to achieve priority changes such as new title functions, including neutral duties, additional work shifts in evenings and weekends, and other work rule changes, while also ensuring that NYCHA's workforce is held to quality performance standards.

H. Public Housing Tenancy Administration

In early 2020, NYCHA created the Office of Public Housing Tenancy Administration (PHTA), which combined previous teams that worked on applications and tenancy administration. PHTA provides strategic guidance and oversight on public housing waitlist management and applications; operationalizes program policy; oversees lease enforcement activities; and manages the implementation of key initiatives to improve service delivery and NYCHA's effectiveness as a landlord.

In support of the new Neighborhood Model, PHTA is working on a variety of policy and process enhancements to improve the resident experience and relieve the administrative burden at the Property Management level.

The three departments under PHTA are:

Applications and Tenancy Administration Department (ATAD), which is responsible for managing the public housing wait list and application and transfer activities. This includes:

- Maintaining and administering the Tenancy Selection and Assignment Plan
- Determining the eligibility of applicants; and screening applicants and new household members
- Processing public housing transfers

²⁰ While there is no statutory requirement to explore RMCs under Section 8, NYCHA is open to exploring this option.

- Monitoring vacancy and apartments on and off the rent roll to ensure timely turnover

Management Services Department, which supports Property Management by overseeing lease enforcement activities and focuses on policy development and implementation. The department has several functional areas:

Office of Tenancy Administration (OTA) – OTA was established in response to the Escalera & Tyson/Randolph consent decrees. OTA closely reviews termination and grievance cases to assist, where possible, with addressing curable breach cases, and ensuring that supporting documentation is submitted with all cases that must be forwarded to the Law Department. OTA also monitors the status of legal action for all Board terminated cases.

Public Housing Reasonable Accommodations Coordinator (PHRAC) – PHRAC reviews reasonable accommodation requests that are not approved by Property Management. The PHRAC works to obtain any additional information necessary to make a determination. The PHRAC, working through an inter-departmental process, renders a determination on whether the accommodation should be approved, notifies Property Management of their decision and how to implement the accommodation, if applicable.

Public Housing Tenancy Policy Unit (PHTPU) – PHTPU serves as subject-matter experts on tenancy policy related to Occupancy, rent calculation, rent collection, and terminations & grievances and focuses on operationalizing new policy. The team also works to modernize and streamline existing policies and processes by adopting best practices and applying technological solutions.

Public Housing Tenancy Operations Department, which consists of the following two units:

Low Income Housing Tax Credit (LIHTC) Unit – The LIHTC Unit is responsible for monitoring NYCHA's compliance with the LIHTC program. The unit provides oversight and support services to the LLC1 portfolio. The unit provides guidance to staff on various tasks such as unit rentals and annual recertifications to ensure compliance with LIHTC policy. The unit also serves as a liaison between investors and NYCHA's partner, HDC, for LIHTC reporting requirements and works in collaboration with the coordinators of the various audits.

RAD/PACT Conversion Unit – This unit coordinates Property Management activities to ensure that conversions are successful by working in collaboration with the Department of Real Estate & Development, Operations/Property Management Department, and Leased Housing Department, as well as liaise between various NYCHA departments to complete all tasks related to the closing.

Public Housing Tenancy Operations previously included the Housing Court Unit (HCU), a pilot program that aimed to relieve the administrative burden from Property Management by centralizing the court case preparation and in-person appearances for Landlord and Tenant

(L&T) court proceedings for Brooklyn, Queens, and Staten Island. Considering the suspension of delinquent rent collection activities under the COVID-19 moratorium, NYCHA has decided to disband the pilot effective January 15th, 2021. This means that Housing Assistants from the HCU will no longer prepare for cases or represent the developments located in Brooklyn, Queens & Staten Island in L&T courts. While the HCU received positive feedback from legal and advocacy groups, the cost to expand it city-wide would require a large investment in resources – the expansion would require approximately 50 new employees (nearly \$4.5M). NYCHA commits to continuing to evaluate different operating models to improve the process and alleviate the workload on Property Management and this is further explained in the Law Department section of this Plan.

Evaluation of the Annual Recertifications

NYCHA's annual recertification (annual review) process is carried out by Housing Assistants in each Property Management office; however, much of the process and policy is set within the PHTA office. NYCHA implemented a new online recertification process in 2017. Since then, there have been multiple resident and employee complaints about the system. Both residents and employees find the system difficult to navigate, often leading to miscalculations of rent. In addition, the difficulties with the process led to delays in processing, causing NYCHA to be non-compliant with the HUD requirement to meet a monthly 95% PIH Information Center (PIC) submission rate.

In January 2020, NYCHA initiated a project with the Service Design Studio (SDS) from the Mayor's Office of Economic Opportunity. The SDS scope of work was focused on how both residents and employees could be successful with this process. The research focused on two key questions:

1. *How might we identify resident concerns with rent recertification to streamline the process and create resources that alleviate burdens and motivate timely renewal?*
2. *How might we provide Housing Assistants with the support, tools, and clarity needed to better guide residents through rent recertification and efficiently meet the Agency's monthly 95% PIC submission rate?*

The SDS engagement produced recommendations focused on improving the process for the Housing Assistants, the residents and the technology that both parties use. Recommendations for the Housing Assistants focus on building cohesion between central office and the housing development sites, promoting learning, development and accountability, refocusing the goals of the role and aligning workload accordingly. NYCHA will make it a priority to decrease the overall workload of the Housing Assistants, including by:

1. Reducing the frequency of the annual review through implementation of policy changes associated with the Housing Opportunities Through Modernization Act (HOTMA) and HUD's Streamlining Rules on Income Reviews; and

2. Continuing to examine burdensome business practices and redesigning processes by leveraging technological solutions.

We also recognize that there is inherent tension in the Housing Assistant role, as staff are often forced to extend beyond their core functions of landlord management to help residents navigate various aspects of their tenancy. Staff often feel like they are acting in a “social worker” capacity. There needs to be a new discussion with Housing Assistants to design the role to better service both functions. To raise performance across developments, Property Managers must engage to share best practices and address challenges. Facilitating cross-development learning can formalize connections between sites and increase cohesive policy interpretation and implementation.

Recommendations to improve the resident experience involve cultivating self-sufficiency with the process through increased accessibility and transparency. Residents who participated in the SDS research felt the “deck was stacked” against them because the process was unfamiliar, unfair and burdensome. A priority for NYCHA is to clearly communicate the rent calculation process for residents by including information on common definitions, explanations on how information is used, and clear direction on where residents can ask questions. NYCHA will reduce the burden of the annual recertification process by streamlining the amount of documentation required and improving communications to reduce unnecessary alarm. In addition, we recognize that Housing Assistants and residents sometimes need additional support, so NYCHA intends to build on the existing network of community partners and ensure that all the development sites are aware of when, how and who is in the referral network. We also recognize that some residents still need access to either personal devices or safe and secure public devices. NYCHA will make improvements to the property management office kiosks to ensure resident privacy, increase access and availability of the Digital Vans, and work with external partners to create additional touchpoints for residents.

The final set of recommendations focus on the ePortal that is used for annual reviews. Based on the initial research findings, NYCHA authorized work to commence in coordination with the SDS in order to begin an improved design process for the ePortal. NYCHA’s Information Technology (IT) team has been working with the SDS and PHTA team to streamline the ePortal click-through experience. We expect design to continue through January 2021 and then commence user testing with residents and employees through February 2021. The priority is to launch the new ePortal screens in March 2021 to align with quarterly recertifications.

Resident Transfer Process

NYCHA received numerous public comments regarding the transfer process including both lack of transparency and long wait times. A resident can transfer to another NYCHA apartment if they meet certain criteria, such as overcrowding, mobility, health and safety. Residents request their transfer through the self-service portal or by speaking with someone at their current property management office. NYCHA is exploring the possibility of updating the portal to

provide more transparency to the transfer process. For example, providing an estimated wait time for the transfer based on the current wait list status. This will help to set expectations for residents from the start of the process. As of January 8, 2021, there are 5,634 certified transfer requests on the wait list. Last year just over 2,700, or 46%, of the 5,977 available apartments were filled via transfer households. Across all transfers in 2020, the average wait time was 446 days. This does not really reflect the numerous factors that will go into the wait time of an individual transfer, including but not limited to, priority, turnover at development, inventory of bedroom size, borough or development wait list, apartment type, etc.

I. Technical Services Teams

To comply with the HUD Agreement, we have been actively reorganizing around a core organizational principle – NYCHA must be **preoccupied with building system failure** and provide **immediate oversight and process improvements over time** in five of the six core pillar areas, including (1) lead, (2) mold and emergency leaks, (3) pests and waste management, (4) elevators, and (5) heat.

Because the Transformation Plan decentralizes certain functions to the property or neighborhood level, NYCHA must simultaneously establish a clear accountability and oversight structure. To that end, we have built centralized teams that can ensure improvements to delivery of core compliance related services over time. Each core pillar area now has centralized units or departments that are running point on implementing the Action Plans²¹ and other obligations of the HUD Agreement. To break down silos, these units are supported by “pillar teams,” that include representatives from central office departments critical to the implementation of each action. Where necessary NYCHA has been integrating representatives from each Borough into the pillar teams via more frequent meetings or as part of the pillar meetings themselves. This is especially important for pillars where property management staff and skilled trades, who are managed and accountable to the vertical Operations structure, are conducting the work on a day-to-day basis, including the mold and pest/waste management pillars. The work of the pillar teams and the rest of the Operations structure in these pillar areas is then reviewed and monitored by specialized groups within the Environmental Health & Safety Department, Quality Assurance, and the Compliance Department as discussed further in later chapters.

²¹ The Action Plan for PHAS Inspections was approved in October 2019; the Action Plan for Heat was approved in December 2019; the Action Plan for Elevators was approved in January 2020; the Action Plan for Mold and Leaks was approved in March 2020; the Action Plan for Annual Inspections was approved in December 2020; the Action Plan for Lead-Based Paint and the Action Plan for Pests and Waste Management were both approved in January 2021.



The core functions and capabilities required of each department will align with the organizational principles of the HUD Agreement:

1. **Large Scale Projects:** Contract administrators and project management staff internal to each unit will help manage the implementation of large-scale projects by working with vendors or within the Operations structure. From door sweeps to roof fans to a biennial risk assessment, these units must be able to complete projects across the portfolio on specific timelines. One pain point observed in the process for large scale projects is that Operations struggles with the technical drafting related aspects of writing scopes for many contracts. All scope writing functions, including the team that previously worked in the Technical Services Department, will be transferred to the Capital Projects Division (CPD). CPD currently has expertise, such as architects and engineering staff, and is equipped to handle scope writing functions for Operations. This scope-writing staff will work collaboratively with the technical teams to translate general knowledge about the assets, maintenance requirements and common failures into a draft of the scope of work that will be well received in the marketplace. An improved Procurement process, as detailed in other sections of this Transformation Plan, is also essential to help improve NYCHA's delivery of these projects. These pillar teams have also been adding staff in the centralized Operations departments so that inspections in the field can confirm the vendor or other Operations staff have performed the work properly. Finally, the PMO in the Quality Assurance Unit will help ensure consistency across the portfolio by reviewing a sample of the vendors' work across multiple vendors and field inspectors. NYCHA recognizes that there needs to be increased staffing and/or training and

attention to the vendor management functions and will continue to review processes around our end-to-end vendor process from procurement through verification.

2. **Data Analysis:** Each unit has been hiring data analysts and performance management professionals to work directly with the Performance Tracking and Analytics Department. Using work order, XRF and other data, each unit must be able to use analytics to make decisions about where staff, either internal to that unit or within the vertical Operations structure, should be deployed. If the analytics show that changes are necessary within a unit (e.g. a need to invest in a particular piece of equipment based on analysis performed by the Heating Management Services Department), then the Director of that unit will be empowered to drive that process. If the analytics show that changes are necessary within the vertical Operations structure (e.g. the Office of Mold Assessment and Remediation identifies a need related to a single line with consistent leaks), then the technical services team will work within the vertical Operations structure to make that happen. NYCHA will work to formalize a decision-making structure for the cases where a technical team lacks the explicit authority within its own unit or within the vertical Operations structure. In addition, using the new dashboards that have been created in coordination with the Performance Tracking and Analytics Department, the pillar teams can quickly deduce whether each borough or development is meeting its obligation to respond within the timeframes set forth in the HUD Agreement. In collaboration with Strategy & Innovation, the pillar teams will then also distribute “exceptions lists,” showing whether each development, neighborhood or borough is meeting the data-driven obligations of the HUD Agreement.
3. **Policy Expertise:** Each unit has been hiring technical advisors and working with external experts to ensure NYCHA is re-writing and then iterating on new policies and procedures to align with best practices and local, state and federal rules and regulations. In the last two years, new policies and procedures in each pillar have been rolled out across the portfolio.²² Each unit now must confirm the new business process works when operationalized and will need to enforce the policy or make adjustments over time. Project managers will also need to work directly with the Information Technology department to ensure NYCHA systems are built to account for each new step in the process.
4. **Specialized Skilled Trades Staff:** Each unit has its own staff or vendors with technical expertise who can be deployed to housing developments to conduct work that requires a more specialized skill set. For example, the Operational Analysis & Contract

²² This includes the revised Mold Busters standard procedure for mold remediation (SP 040:14:1), the Pest Prevention and Control standard procedure for Integrated Pest Management (SP 040:49:6), the revised Heating and Domestic Water standard procedure for heat services (SP 060:63:1), the revised Elevator Service, Maintenance and Repair standard procedure for elevator services (SP 060:62:1), and the Lead Safe Housing standard procedure for lead-based paint controls (SP 050:02:1).

Management department has a team of specialized painters it deploys to address deficiencies in units with a positive lead-based paint component. Because working on elevators and heat systems requires technical expertise, the Elevator Service and Repair Department and Heating Management Services Department manage those staff and functions centrally. The Office of Mold Assessment and Remediation maintains contracts with specialized vendors who can work on complex mold cases. Pest Control has a team of exterminators who specialize in rat reduction methods and the Waste Management team will now have a centralized compactor repair unit under its direction.

5. **Monitoring Itself:** Many of these departments and units either have or will establish stand-alone monitoring units or special teams that go out to the properties to confirm that a decentralized operating model is still delivering quality services with consistency. Though these departments are within Operations, they are independent from the vertical Operations structure led by the four borough Vice Presidents. In addition to internal monitoring, the work of these units and the rest of Operations is monitored by the Compliance Department, Quality Assurance and the Environmental Health & Safety Department. A structure that emphasizes multiple layers of review - (1) supervisors in the vertical Operations structure, (2) independent, specialized teams within Operations, and (3) the three new departments created under the Agreement - will help protect against mistakes and support a culture of accountability. As discussed below, these departments have also added staff that specializes in the work associated with these highly technical pillar areas.

Other departments have also assigned staff to “pillar teams” to help each technical service team meet their obligations under the HUD Agreement by working across departments. To further the transformation, we will now need to complete a reorganization that aligns functions and subject matter expertise into these units.

1. Operational Analysis & Contract Management (OACM)

OACM was created to consolidate existing functions within the Department of Management and Planning, Maintenance, Repair and Skilled Trades, and Technical Services, and to oversee the creation of new units.

Centralizing Paint Remediation and the Team for Enhanced Management, Planning, and Outreach (TEMPO): Some paint teams and vendors will continue to be centralized to handle all remediation painting, public space work, and cycle painting. TEMPO will be created as a rapid response unit to address Renovation, Repair, and Painting (RRP) work in an expedited manner in units where a child under 6 either resides or visits. The consolidation of lead-based paint remediation and rapid response to RRP work in units with a child under six years old (CU6) provides a focused approach to the remediation component of the lead pillar, ensuring a singular source of accountability.

Non-Pillar Related Technical Services: OACM will also absorb some of the other functions currently embedded within the Technical Services Department, including fire safety, grounds and industrial hygiene and regulated waste personnel to alleviate the burden placed on Support Services, which is tasked with handling two compliance pillars – elevators and heat – and managing the Emergency Services Department.

Management and Planning: OACM will continue to include the Management and Planning Department, which focuses on administering large-scale contracts on behalf of Operations and rolling out operational changes across the portfolio. The Violations unit will be shifted to Management and Planning.

2. Healthy Homes

The Healthy Homes department consolidates technical expertise in areas of environmental hazards in order to set policy and procedures for executing abatement and remediation programs. In the past, Healthy Homes had three units including Prevention and Intervention Strategies (now Pest Control), Lead and Mold. Earlier this year, PAIS was realigned with Waste Management under a new Vice President. Moving forward, the two asbestos units currently under Maintenance, Repairs and Skilled Trades and the one asbestos unit under the Technical Services Department will be combined into one department under Healthy Homes with a dedicated Director.

These changes ensure a focused approach for the Healthy Homes Department on a core mission: environmental health hazards. Simultaneously, the Healthy Homes Department can be held accountable and run point on two major pillar areas: lead, through its Lead Hazard Control Department, and mold, through its Office of Mold Assessment and Remediation.

As the Neighborhood Model is implemented, Healthy Homes will evaluate opportunities to align some of its core functions (like RCCs for mold complaints and dust wipe technicians for lead remediation), providing clear lines of communication that will ensure these units can tap directly into the operating model.

3. Elevator Service & Repair

NYCHA owns and operates over 3,100 elevators, nearly five percent of all elevators in New York City. Managed by the 473-person Elevator Service and Repair Department (ESRD), NYCHA's elevators pose unique challenges, including high volume use, rapidly aging stock, and building envelope decay that has caused structural issues in elevator shafts. NYCHA employs 207 elevator mechanics and 193 elevator mechanic helpers—39 ESRD mechanics have NYC Department of Buildings-issued Director, Co-Director or Inspectors licenses. Elevator mechanic teams are tasked with performing corrective maintenance on elevators experiencing outages and regularly scheduled preventative maintenance.

Elevator mechanics and helpers are paired into teams and organized into geographic sectors, which approximate the boundaries of each borough. However, as the Neighborhood Model is implemented, ESRD will explore possible reconfiguration to match the Neighborhood structure. ESRD will remain quasi-centralized, reporting through its own Director and keeping its own dispatch and scheduling teams.

The Elevator Action Plan, approved in 2020, detailed a set of strategies to improve the department's performance and ensure NYCHA elevators operate at a high level. NYCHA will continue to re-evaluate the Action Plan and its associated strategies at regular intervals.

4. Heating Management Services

Heating Management Services (HMSD) is responsible for providing adequate heat and hot water to NYCHA residents. HMSD maintains a vast and diverse set of aged heating systems, including 1,500+ boilers and thousands of feet of pipes and distribution equipment that generate and circulate heat throughout the buildings. HMSD works closely with the Department of Energy Finance and Sustainability, Capital Projects Division, Property Management, and Emergency Services Department.

Heating Plant Technicians (HPT) serve as HMSD's eyes and ears on the ground and are the first line of defense when a heat outage occurs. These skilled employees are some of the last in New York City that know how to operate NYCHA's decades old heating systems. They rely on the knowledge of experienced Superintendents who oversee geographical clusters of developments. While the cluster teams are tasked with continually inspecting and repairing heating assets within the developments, a central command unit located in a 24/7 "Heat Desk" maintains a bird's eye view of the entire portfolio using live dashboards that show heating-related complaints from residents along with NYCHA's Building Management System, which collects data from sensitive monitors within each boiler room.

The structure of HMSD, internally and within the organization, is well-suited for managing NYCHA's heating assets. The clusters are also compatible with the Neighborhood Model. As NYCHA transitions to a new operating model, HMSD will re-group clusters to better align with the neighborhood geographies, resulting in better communication with and service to Neighborhood Administrators. In addition, to better align functions across Operations, the fuel oil unit formerly under the Technical Services Department (TSD) has been shifted to HMSD.

5. Emergency Services

The Emergency Services Department (ESD) provides emergency management, coordination, and on-the-scene response to emergencies, whenever they occur in developments or at other NYCHA structures citywide. ESD personnel handles emergency and high-level communications, manages and responds to afterhours maintenance calls and manages NYCHA's three-tier radio systems around-the-clock. ESD provides NYCHA supervisors and field staff with a viable means of

communicating to ensure employee safety, coordination of major emergencies and improved productivity. ESD's operations and structure will not change under this Plan.

6. Waste Management and Pest Control

In the past, the waste management and pest control functions were handled separately, and there was no singular focus on implementing best practices across the portfolio in an integrated fashion. Pest Control (formerly PAIS) was previously located in Healthy Homes, while waste management functions were decentralized except for a unit that conducted compactor repairs, which was part of the Maintenance, Repairs and Skilled Trades Department. In order to align these two functions and provide the pillar area its own dedicated leadership, NYCHA established a Vice President of Waste Management and Pest Control and moved all related personnel, including the team that handles compactor repair and maintenance, into this new Department.

NYCHA needs an organizational structure that can provide sustainable support and work across functions, centralize policy and think strategically so we formed the Waste Management Department that will provide a much-needed focus to an area that affects the quality of life for staff and residents alike. The Waste Management Department will help roll out new initiatives across the portfolio to ensure grounds are regularly inspected and waste is collected and stored properly or removed daily. The Pest Control Department will help ensure the proper rollout of Integrated Pest Management across the portfolio and hold all neighborhoods accountable for their respective deliverables required under the Agreement.

The focus of the Waste Management Department (WMD) includes developing and implementing property-specific individual waste management action plans; cataloguing, maintaining existing interior and exterior compactors as well as other equipment; and coordinating with the Department of Sanitation (DSNY) and third-party collectors of bulk waste for timely service. In addition, WMD works closely with Capital Projects Department to coordinate capital planning for waste management equipment and are focusing on a long-term vision for containerization with new types of technology and innovation such as state of the art underground pneumatic systems (Polo Grounds), coupled with a redesign of waste yards to create cleaner, safer and healthier environments at the development level.

Integrated Pest Management shifts our pest management focus to prevention and directs resources to address the root causes of infestations by ensuring that NYCHA timely collects and properly stores and disposes of waste while requiring that exterminators and maintenance staff work to prevent pests from harboring in our buildings. Under the Transformation Plan, Borough-assigned Exterminators performing both routine preventative and corrective maintenance Pest Control functions will be the direct responsibility of each Neighborhood Administrator with the ultimate responsibility of achieving HUD deliverables and Pest Control Department directives being assigned to each of the Borough Vice Presidents.

An integral and very important part of NYCHA's Waste Management plan will involve residents. We need resident cooperation to properly dispose of all refuse, bulk waste and recyclables. This will be accomplished through extensive resident engagement, education and improved signage throughout all developments. We must focus on ensuring waste is disposed properly, collected and either removed or stored in pest proof containers, as part of a holistic strategy for reducing the pest population.

J. Quality Assurance

The mission of the Quality Assurance (QA) Unit is to provide objective assurance to management and regulators that residents receive high-quality workmanship from both staff and vendors. The QA Unit is responsible for improving performance and accountability by ensuring that maintenance and repairs are completed to industry standards in alignment with existing policies and procedures. The QA Unit identifies and addresses risks, deploys third-party contractors for training and guides business process improvements. In order to create operational consistency, we will create a new Project Management Office (PMO) within the QA Unit. The purpose of the PMO will be to coordinate the execution of various operational initiatives across all four boroughs. The PMO will ensure consistency in program design and execution. Working within the QA Unit the PMO will also ensure service delivery and adherence to procedure in all operations. The PMO will include a Director and four staff, one to cover each borough.

Quality Assurance also plays an important role in enforcing accountability through the employee discipline process. Starting in November of 2019, QA began to complete special projects and conduct investigations. To date, the QA Unit has initiated 98 investigations, of which 79 investigations have been closed. Over half of these investigations are referrals from NYCHA's Inspector General (IG) Office with the remaining being initiated via the Chair, GM, Complaint Portal, Sources of Information, Compliance, or Environmental Health & Safety. The results of these investigations have varied from terminations, suspensions, counseling and instructional memorandums, or no discipline. At this time, there are also at least 10 pending disciplinary hearings being brought by the Law Department based upon QA investigations. The QA investigations include a thorough compilation of evidence that has helped to improve the process and result in effective disciplinary action. While we prefer not to have to discipline any employees, it is critical for employees to understand that their actions have consequences, and we will hold all our employees accountable for deceptive and illegal behaviors.

K. Safety & Security

The Office of Safety and Security (OFSS) oversees safety and security matters across all NYCHA properties. This is achieved by ensuring compliance with agency security policies and procedures, administering electronic security access systems, installing and maintaining security hardware, conducting first-line investigations, and scheduling the work of both NYCHA Special Officers and contracted guard services at NYCHA locations. The Office's role includes

administrative responsibility for all security guard contracts and operations covering over 100 locations throughout the five boroughs. There is only one security guard contract for citywide services. The vendor provides coverage at 145 locations:

- Senior Developments – 61 (providing one 8hr tour 365 days a year) for detecting, deterring, and reporting unusual activity.
- Fire Watch locations – 78 (providing various coverage due to non-functional fire systems, or upgrades being conducted at Buildings, Community and Senior Centers) for monitoring, reporting, and assisting with evacuation if needed.
- Central Office and Satellite locations – 6 (providing various coverage for access control, screening), currently administering the daily return to work employee health screening surveys at these locations.

In coordination with various internal and external Departments, the Office of Safety and Security monitors and maintains access control alarm systems and closed-circuit television (CCTV) systems for all Central Office locations in addition to the Developments, Community and Senior Centers in all five boroughs. OFSS also investigates any criminal activities that may occur at these locations.

The office also monitors and authorizes access card issuance, issues Key Fobs for the Developments enhanced with the LAC protocol (Layered Access Control), coordinates the placement of surveillance devices; conducts risk assessments; prepares and investigates incident reports; installs, maintains, repairs locks, CCTV cameras and associated equipment, intercoms and mirrors; conducts post-incident inspections; provides direct supervision to contracted guards; and responds directly to incidents and emergencies.

Security Cameras & Lighting

OFSS maintains access control and closed-circuit television systems. NYCHA currently has 214 developments with CCTV systems (leaving 71 developments without any CCTV systems.) NYCHA coordinates closely with the NYPD and provides access to these systems so they can mobilize quickly to respond to criminal situations. There are two different systems. There are 3,114 "large scale" cameras in 23 developments where the NYPD monitors them on-site. The remaining cameras are considered "small scale" meaning that the NYPD can access the video from these cameras by manually playing back the recording from the tape.

In 2020, NYCHA received a HUD Emergency Capital Needs Safety and Security Grant. Modernizing lighting at the selected developments will increase the effectiveness of current and future closed-circuit security cameras (CCTVs) by lightening the background and increasing contrast, making identifying criminals on security footage more effective. Residents feel safer in locations where NYCHA has installed security lighting and the addition of security lighting is proven to help reduce crime. A study by the University of Chicago Urban Labs, as part of the University of Chicago Harris School of Public Policy, in partnership with the NYC Mayor's Office of Criminal Justice, the NYPD and NYCHA, found: "...that the developments that received new

lights experienced crime rates that were significantly lower than would have been the case without the new lights". Among other findings, the study concluded that increased levels of lighting led to a 36% reduction in "index crimes" — a subset of serious felony crimes that includes murder, robbery and aggravated assault, as well as certain property crimes...". (Chalfin, Hansen, Lerner, Parker 2019, *Reducing Crime Through Environmental Design, Evidence from a Randomized Experiment of Street Lighting in New York City*).

NYCHA was awarded approximately \$17 million to increase resident safety by adding security lighting at three additional developments. The OFSS works closely with the Capital Projects Division (CPD) to plan for security and lighting improvements. The proposed scope of work for these projects will consist of site lighting installations that significantly improve illumination levels throughout the development's open spaces, such as at walkways, building entrances, play areas, sports courts, parking lots, and maintenance areas. Light fixtures will be upgraded including pedestrian post top lights, and residential entrance lights, cobra heads, floodlights and wall packs. Additionally, a lighting analysis will be conducted to redesign the existing lighting footprint and to bring each location up to current code in a college campus style lighting effect. This lighting project work will also include all new electrical infrastructure for exterior lighting. This consists of the electrical sub panels in the basement of each building, trenching, conduit, new pre-cast concrete pole bases, and wiring. For the protection of residents, an ongoing extermination allowance for the duration of the work and the protection of all existing trees is included for this major capital project. Importantly, this lighting is designed to decrease energy consumption by 90%.

Safety Assessments

During 2019, OFSS completed over 300 assessments at NYCHA properties prior to the AWS initiative (Alternate Work Schedule). These assessments focused on different conditions around the property and buildings, including:

- Perimeter lighting
- Perimeter doors not securing
- Lobby & Hallway lights out/on
- Staircase, Roofs, Roof landing lights out/on
- Elevator motor room not securing
- Staircase doors do not fully close on
- Vision panels missing/damaged on
- Slop sinks not securing
- Basement doors – (Staff can Self-secure)
- Compactor rooms – (Staff can Self-secure)
- Basement light issues
- Graffiti

Any deficiencies noted were provided to Operations staff for correction. However, some of this work has occurred in a silo as there was limited enforcement capacity between OFSS and the property management staff. In order to break down that silo and ensure deficiencies are corrected, the Compliance Department is going to be adding these items to their enforcement of the On-Site Monitoring Reports. The corrective action plans that are prepared in response to those reports will now also include safety and security deficiencies. In addition, sometimes the corrective actions include adjustments to cameras or lighting due to obstruction from scaffolding. Property management staff work with CPD to contact the scaffolding vendor to make adjustments and/or make other lighting or camera adjustments in order to clear the obstruction.

Community Violence Response Working Group

NYCHA's OFSS and Community Engagement & Partnerships (CEP) recently launched the Community Violence Response Working Group. The mission of the Community Violence Response Working Group is to respond to violent crime in NYCHA communities by working with residents and community partners to form and implement strategies and provide resources aimed at increasing safety and security measures. NYCHA initiates community meetings with New York City Police Department, community-based organizations, and Resident Leaders. In addition, other City agencies including and not limited to, Mayor's Office of Criminal Justice, Mayor's Office to Prevent Gun Violence, NYC Department of Health & Mental Hygiene, NYC Department of Youth & Community Development, Mayor's Action Plan for Neighborhood Safety, Center for Court Innovation; deliver data, resources, and action steps. Together they work collaboratively to share resources with residents.

These community meetings are open to residents and stakeholders in all five (5) boroughs. Community meeting topics may address and are not limited to current events, seasonal concerns, resident inquiries, etc. The Community meetings also serve as an opportunity for all stakeholders to be seen and to be heard in their efforts to create safer communities for all NYCHA residents. Recent topics and panelists include Halloween and Holiday safety tips presented by the New York City Police Department, Anti-Gun Violence Initiatives and Amplifying community-based interventions by the Mayor's Office to Prevent Gun Violence, Domestic Violence by the Mayor's Office to Prevent Gun Violence and Rise, Suicide Prevention and Holiday COVID Precautions by the NYC Department of Health and Mental Hygiene. Community Space Activation Testimonials Presented by NYCHA residents, Mayor's Action Plan for Neighborhood Safety and the Mayor's Office of Criminal Justice.

Entryways Pilot

In 2020, NYCHA Capital Projects Department partnered with Curtis + Ginsberg to conduct a study of NYCHA Building Entrances and make recommendations for modern, readily available systems which meet current and future energy code standards, as well as improve aesthetics. The study considered entrance lobbies and doors, security cameras and lighting. The

recommendations were then vetted during a virtual webinar with several Resident Association (RA) leaders, so attendees could provide feedback on what they heard before these recommendations are piloted at three developments. NYCHA is planning a pilot at three sites, which are still in the Design and Department of Buildings (DOB) approval phase but we're working to construct them in the spring/summer and bring the RA presidents and elected officials who have been a part of this process to "test" the new designs. After that, there will be an evaluation during the fall of how the new entryways are performing (since they are aluminum and not our typical stainless steel) and Curtis & Ginsberg will provide recommendations for what our final design standard should be moving forward. Based on the pilot outcome and additional resident and elected officials' feedback (invitations to try out, personally assess, and provide additional comments), the recommendations will inform future entryway design standards. As with so many other property related issues, many of the conditions are due to historical deferred maintenance and require capital improvements to address more comprehensively. However, NYCHA also recognizes that some conditions are due to vandalism and in addition to working with the NYPD, NYCHA is proposing enhanced resident engagement strategies as explained later in this Plan in order to work with residents to correct behaviors that detract from the overall quality of life issues within NYCHA communities.

[CALL OUT BOX] Culture of Service

The relationship between NYCHA staff and residents has eroded over the last 30 years.²³ There is little mutual trust, leading to a cycle that has hampered performance and outcomes. Residents rightfully complain of deteriorating conditions, from the elevator that goes out every week to the compactor that has been broken for months.

During our planning engagements, we heard numerous examples of work orders that are closed without the repair being done, and bureaucratic processes that delay seemingly simple fixes without explanation. Above all, residents say they cannot get answers from development staff whose job, they perceive, is to provide them.²⁴ These highlight one of the challenges of the current, centralized operating model which disempowers frontline employees and poses challenges in how policies and procedures are communicated, interpreted, and implemented. The lack of trust can create a difficult working environment for development staff, who find it hard to get access to apartments and enforce on-site rules.²⁵ Under this dynamic, employee-residents in particular struggle to defend and represent NYCHA as employees while experiencing inadequate service as residents themselves.

Under this plan, NYCHA will organize and recommit to a culture of service—service to our residents, Section 8 participants, to the City, and to each other. While individual staff

²³ KPMG, *Current State Observations and Maturity Assessment*, p. 211.

²⁴ Transformation Plan, *Resident Association Breakfast*, Feb. 12, 2020.

²⁵ Transformation Plan, *Property Management Workshop I*, Dec. 9, 2019

members deliver exceptional customer service to our residents every day, NYCHA's culture has not reinforced and systematized these efforts.²⁶ As a result, the resident experience is wildly inconsistent across developments and geographies, with little portfolio-wide standardization.²⁷ Every employee, including those who do not have daily interactions with residents, must have a customer service mindset, a desire to go above and beyond for residents and their colleagues, leading to a foundational change in culture. Every decision must be made with one question in mind: does this improve the lives of our residents?

We must address our culture head on with training, communications, and implementation support. Culture of Service requires an empowered workforce who understand their role in the organization's overall mission, have a clear set of norms they can draw from, and are motivated to act daily in a manner that results in resident satisfaction.

To understand the current culture and to envision a culture of service we want to adopt, we asked the Employee Engagement Committee (EEC) - a voluntary group of employees from across NYCHA charged with tackling tough problems around NYCHA culture - to share their experiences with the current organizational culture. The group identified existing pain points such as inadequate supervisory support, inconsistent disciplinary process, and a lack of communication and inclusion, all of which result in an unaccountable, disjointed, and unempathetic workplace culture.

Through a series of brainstorming sessions, the EEC determined some actions that NYCHA can take to meaningfully build a culture of service using four high-level goals for NYCHA. These strategies dovetail with the group's recommendations for Strategy A.2 (*see page #*) of this plan and a selected number of these activities are included in the Implementation Plan.

- **Prioritize Workplace Culture** where leadership sets expected norms and behaviors to create a positive, transparent, communicative, and fair workplace.
- **Invest in the Workforce** through mentorship and coaching programs, seeking feedback from staff both on workplace concerns and policy creation, improving supervisory training, and using internal staff for special projects.
- **Hold Staff Accountable** by accurately evaluating performance, acknowledging positive and negative outcomes, establishing a fairer disciplinary action process, and surveying residents more frequently.
- **Change the Look and Feel of NYCHA Developments** with positive visual updates such as a fresh coat of paint and NYCHA branded posters to increase staff self-esteem and to communicate uniform messaging around the agency's mission and vision to staff, residents, and visitors.

²⁶ KPMG, *Current State Observations and Maturity Assessment*, pp. 9, 11.

²⁷ Transformation Plan, *CCOP MOU Negotiation*; Transformation Plan, *Advocate Engagement Session*, Feb. 21, 2020.

Changing NYCHA's culture will require a commitment from each of the Authority's 11,000+ employees, along with a system built to reinforce and embed a new way of working. It will take years to build a sustainable culture that serves our residents appropriately, but it must be done. NYCHA cannot survive without it.

[CALL OUT BOX] Breaking Down Silos

NYCHA operates as a series of vertical silos with little systemic connection between and among them.²⁸ Plans and programs are designed in isolation, leading to duplicative or incompatible efforts. Gaps between Capital Planning and Property Management leads to a divided understanding of physical asset management.²⁹ Gaps between Resident Outreach and Property Management often leave residents, partners and advocates confused when looking for an appropriate point of contact.³⁰

NYCHA needs a culture of cross-functional collaboration and continuous improvement, starting with a commitment from every employee to the mission and values of the organization. The creation of inter-departmental working teams for each of the HUD Agreement pillar areas has shown the value of collaboration and shared insights. Through the Transformation Plan, we will build on this momentum to integrate this way of working into all ongoing and new programs, including day-to-day operations of each housing development. Central office staff will be assigned to support Property Management operations and organized into inter-departmental working teams.

The agency's current structure fosters silos, with individual departments managed through inconsistent geographies. For example, Property Management uses a six-borough structure—two of which are non-geographic overlays. The elevator team uses sectors that don't align to boroughs but that evenly allocate staff over assets. Resident engagement uses 15 zones, while Resident Associations have nine. **NYCHA's structure looks very different depending on which department you are talking to. NYCHA's new operating model must create natural points of interaction—including matching territories across departments.**

Even within departments there can be silos and the scale of NYCHA's operations is larger than any other housing authority in the nation. If the Bronx were its own housing Authority it would be the larger than the housing authorities in Chicago, Los Angeles, Seattle and Denver all combined. **We will empower existing and new program management offices to facilitate information sharing across departments and up the ranks.**

²⁸ KPMG, *Change Readiness Report*, p. 15; Transformation Plan, *Property Management Workshop I*; Transformation Plan, *Property Management Workshop*; Transformation Plan, *Agency Partner Workshop*, March 12, 2020; Transformation Plan, *Quarterly Leadership Meeting*, Dec. 16, 2019; Transformation Plan, *CEP Leadership Breakfast*, Feb. 4, 2020.

²⁹ Transformation Plan, *Property Management Workshop I*.

³⁰ Transformation Plan, *Agency Partner Workshop*; Transformation Plan, *Resident Association Breakfast*.

Chapter 6. **NYCHA's Financial Plan**

The Finance Department leads NYCHA's financial planning and analysis, accounting, cash management, payroll, risk management, and investment activities. Finance is responsible for fiscal policy, including annual five-year operating and capital plans, the investment portfolio, and the issuance of annual financial statements for NYCHA and its subsidiaries.

The NYCHA Board adopts a Five-Year Operating and Capital plan each year in accordance with U.S. Department of Housing and Urban Development (HUD) requirements. The Financial Plan is both a budgeting tool and a statement of priorities. Given scarce resources and mounting compliance needs facing the organization in the 2021 fiscal year, NYCHA prioritized funding in support of three areas: compliance with the Agreement, implementation of this Transformation Plan, and the health and safety of our residents.

The annual operating plan process begins with the base budget previously approved by the Board as part of the Five-Year Operating Plan. Any operating funding requested by departments or properties is considered a "new need" to be added to the base budget. The 2021 base budget was balanced when it was approved by the Board on December 19, 2019: total expected revenues were equal to total planned spending. In the absence of new revenues, any new expenses would create a budget deficit. NYCHA experienced significant financial changes over the course of 2020 due to the COVID pandemic. This included new funding from the Federal CARES Act, but also significantly more new needs to properly respond to the pandemic, and decreased rent collections. While 2021 was projected to be balanced, these 2020 changes forced a new reality for 2021.

A. Rent Collection

NYCHA, like many landlords, has faced a significant loss of rental income due to the COVID pandemic. The total tenant rent collected between January and November 2020 was only \$890 million, compared to \$967 million from January to November 2019. NYCHA has experienced a 4% decrease in cumulative rent collection as a result of the pandemic. This is a reduction in resources available to support the implementation of this Transformation Plan. For example, \$77 million could fund approximately 1,075 new caretakers.

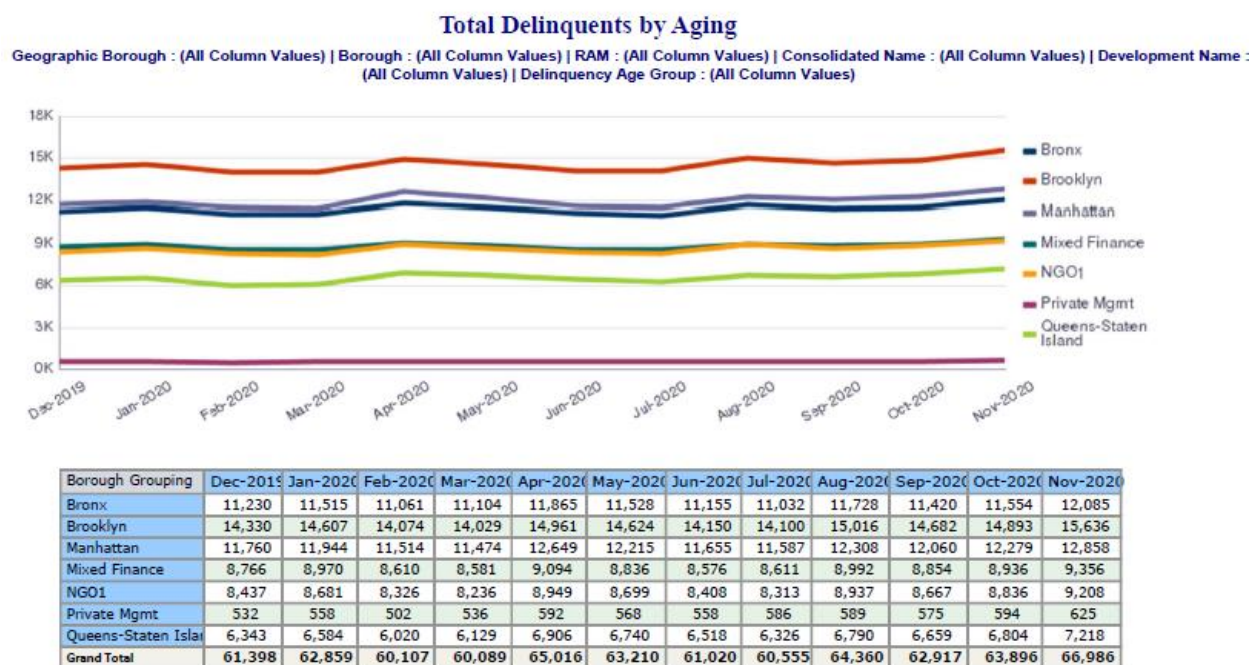
Currently, there is a federal law and two state laws that prohibit NYCHA from evicting certain tenants. On December 28, 2020, Governor Andrew M. Cuomo signed the COVID-19 Emergency Eviction and Foreclosure Prevention Act of 2020, which places a moratorium on residential evictions until May 1, 2021 for tenants who have endured a COVID-related financial hardship. Tenants must submit a hardship declaration, or a document explaining the source of the hardship, to prevent evictions. Landlords can evict tenants who are creating safety hazards for other tenants or occupants. This law expires on May 1, 2021 but an eviction moratorium for non-payment of rent under another state law, the Tenant Safe Harbor Act of 2020 (TSHA), might extend past that date. Under the TSHA, signed in June 2020, landlords may not evict tenants for non-payment of rent that accrued on or after March 7, 2020 if the tenant shows

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they suffered a financial hardship during the COVID-19 pandemic. This moratorium has no definite expiration date and lasts as long as there are COVID-19 related restrictions on businesses and gatherings in the city. President Biden has also extended the ban on evictions issued by the U.S. Centers for Disease Control and Prevention (CDC) until March 31, 2021. The federal ban prohibits evictions for non-payment of rent of tenants who submit a declaration that they have suffered substantial loss of income. NYCHA will continue to review all laws, regulations and executive orders regarding evictions but we expect the significant drop in rent collections to continue into 2021.

However, the number of households that are rent delinquent was already increasing for years, pre-COVID. Rent delinquent households are defined as those that owe a balance greater than zero. Between November 2019 and November 2020, the total number of rent delinquent households increased 9% (5,588) from 61,398 in November 2019 to 66,986 by November 2020. Approximately 70% (47,266) of the rent delinquent households owe one month rent and these households have increased by about 27% since last November (37,131 in 2019). The remaining 30% (19,720) of rent delinquent households owe more than two months' rent and have decreased 15% (3,369) since November 2019.

Total Rent Delinquent Households by Month



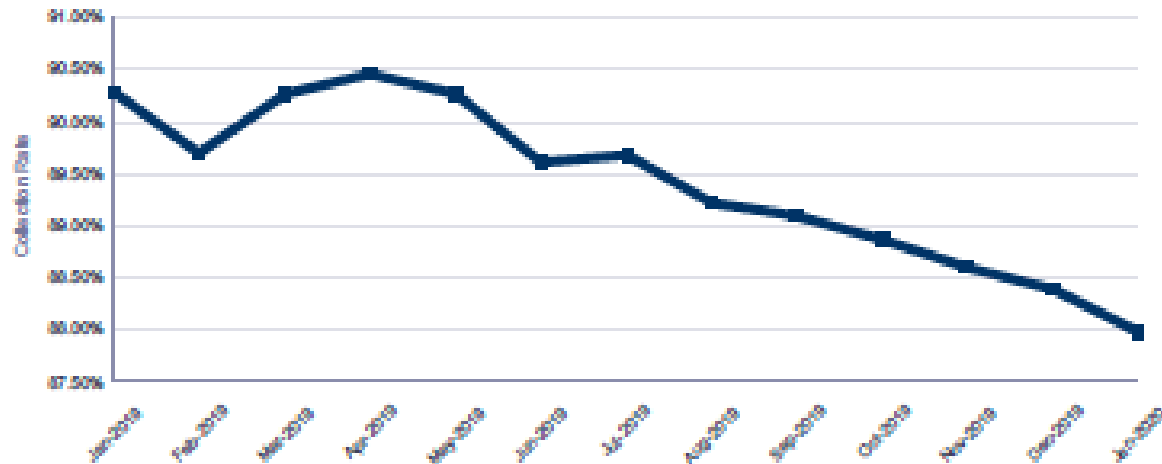
The cumulative rent collection rate tracks the amount of money NYCHA is supposed to collect versus actual cash intake, which is how HUD measures our performance. NYCHA used to be well above 90% on a rolling basis. However, beginning in August 2019, NYCHA's 12-month rate dipped below 90% and has been decreasing every month. The cumulative rent collection rate was 88% in February 2020, and by November 2020 had dropped to 82%. Rent collection does

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follow seasonal trends; however, this same time last year (September 2020), the cumulative rent collection rate was 89%. NYCHA is projecting a \$93 million loss in rent collection by year-end.

Below are the reports as of January 2020 which show for the rolling 12-month average for the previous year and the current report for September 2020.

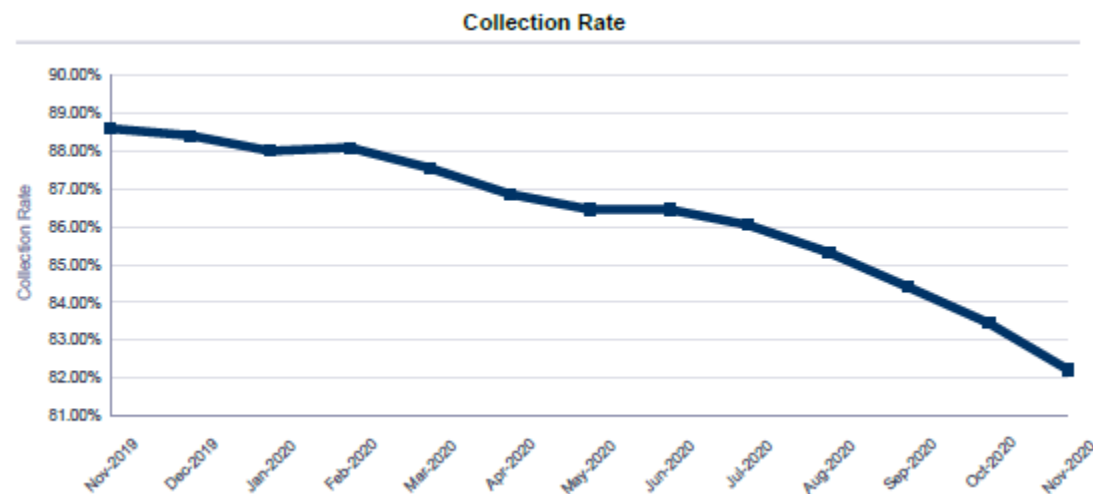
Cumulative Rent Collection Rate (January 2019 to January 2020)



	Jan-2019	Feb-2019	Mar-2019	Apr-2019	May-2019	Jun-2019	Jul-2019	Aug-2019	Sep-2019	Oct-2019	Nov-2019	Dec-2019	Jan-2020
NYCHA Total Due	\$1,179,522,678.77	\$1,179,928,420.39	\$1,179,996,812.01	\$1,177,013,307.86	\$1,177,117,697.26	\$1,180,119,505.87	\$1,182,930,049.32	\$1,182,910,541.30	\$1,187,420,743.41	\$1,187,400,640.88	\$1,190,440,875.72	\$1,195,653,730.43	\$1,197,334,789.11
Total Collected	\$1,064,894,256.37	\$1,058,260,865.84	\$1,061,851,541.43	\$1,064,616,601.60	\$1,062,391,780.89	\$1,057,498,299.71	\$1,060,865,987.41	\$1,055,402,029.66	\$1,057,075,840.17	\$1,055,060,635.50	\$1,054,690,579.80	\$1,056,806,755.24	\$1,053,471,615.10
Collection Rate	90.28%	89.60%	90.25%	90.45%	90.25%	89.61%	89.68%	89.22%	89.10%	88.86%	88.60%	88.30%	87.06%

Collection Rate measures based on a rolling 12 months data and includes the Account Receivable balance

Cumulative Rent Collection Rate (November 2019 to November 2020)



	Nov-2019	Dec-2019	Jan-2020	Feb-2020	Mar-2020	Apr-2020	May-2020	Jun-2020	Jul-2020	Aug-2020	Sep-2020	Oct-2020	Nov-2020
NYCHA Total Due	\$1,190,449,875.72	\$1,195,653,730.43	\$1,197,334,789.11	\$1,201,533,081.42	\$1,195,446,880.62	\$1,194,085,066.39	\$1,192,800,022.93	\$1,192,541,663.66	\$1,187,446,075.66	\$1,186,709,473.74	\$1,188,894,889.12	\$1,187,429,714.76	\$1,189,988,438.67
Total Collected	\$1,054,690,579.80	\$1,056,806,755.24	\$1,053,471,615.10	\$1,056,316,917.59	\$1,046,316,744.82	\$1,036,970,316.72	\$1,030,978,396.45	\$1,030,885,119.08	\$1,021,580,786.32	\$1,012,307,899.25	\$1,003,539,094.62	\$990,897,704.50	\$978,492,498.20
Collection Rate	88.60%	88.30%	87.06%	88.08%	87.53%	86.84%	86.43%	86.44%	86.03%	85.30%	84.41%	83.45%	82.23%

NYCHA stopped collecting payments at the management offices at least 15 years ago or more and moved to a central place (bank) to mail rent payments. A major consideration in that change was around safety issues for both the resident and staff and how to store the rent money in the office. NYCHA now offers residents 8 different ways to pay rent:

Mode of Payment	%
Home Banking	33%
e-Payment	25%
Lockbox	19%
MR Payments	13%
EFT/HRA Payment	5%
HRA One-Time Payments	3%
Remote Caputre	1%
Payroll Deduction	1%
Total	100%

NYCHA believes that the existing rent collection methods are more than adequate. If residents are not paying rent, it's not due to lack of options but due to lack of financial resources or other issues. PHTA is working on a proposal for addressing/collecting rent arrears accumulated under COVID that strengthens and enhances our current policies regarding repayment agreements, categorizes households into income levels (to help prioritize and determine best approach) and explores modifying other related policies.

B. Staffing Modelling & Analysis

A comprehensive analysis recently conducted by one of NYCHA's consultants, TAG Associates, examined the current site and centrally based organization and staffing of Operations, as well as an analysis of work orders, with the objective of creating a staffing model that reflects the Neighborhood Model and skilled trade decentralization. This analysis indicates that approximately 2,800 additional staff are required to meet work order and related operating needs at the properties consistent with a decentralized management model. The staffing analysis was done without any predetermined analytical designs, but the recommendations for increased staff very closely approximate the loss of over 3,000 positions at NYCHA over the past 20 years. The analysis considered all boroughs and all consolidations and developments other than those that are under private management or have undergone PACT conversion, a total of 136 consolidations containing 287 developments at the time it was conducted. The analysis covers all site-based management, maintenance and maintenance management staff, as well as skilled trades workers and supervisors, which currently consist of a total of over 6,300 staff positions.

The staffing analysis is based primarily on the work tasks (principal responsibilities) regularly performed by line management and maintenance staff and supervisory staff and the relevant physical and occupancy characteristics of each consolidation group (staffing factors), including number of units, buildings, floors and stair halls and family versus elderly populations, all of

which affect the number of staff needed to perform the tasks required at each position. The recommended amount of proposed staffing needed is based on industry performance and productivity standards, and, in the case of maintenance and skilled trades staff, existing work order performance data. The staffing need is arrived at incrementally by identifying the amount of staffing needed related to the staffing factors that impact on the principal responsibilities of each staff position. For this analysis of staffing needs for Maintenance Workers and Skilled Trades Workers, current work order loads as measured by the Maximo work order system for all work orders opened during the 12-month period from February 28, 2019 to February 27, 2020, as well as previously opened work orders that were still open were used. The analysis focused on the pre-COVID period to better represent what is more typical working conditions, new requested work orders and NYCHA completion of open work orders. Other adjustments were made to account for additional work orders generated by PHAS inspections, which had been temporarily stopped, working through work order backlog and forecasting for the expected increases in work orders as buildings continue to age and systems require more maintenance.

The result of the above analysis is that staffing for all boroughs is recommended to increase in consolidation-level management, maintenance and maintenance management staff from 5,030 positions to 6,421, an increase of 1,391 staff which would result in a projected increase in wages and salaries of approximately \$70 million. The analysis also suggests an increase in Borough-level, Neighborhood and Consolidation Skilled Trades Workers and Skilled Trades Supervisors from 1,272 positions to 2,735 positions, an increase of 1,463 staff with a projected increase in wages and salaries of approximately \$133 million. The total aggregate projected increase in wages in salaries is approximately \$203 million. When an allocation of employee benefits is added to wages and salaries, this could result in a total initial annual operating cost of \$250 million or more to meet the future operating needs of public housing developments. NYCHA does not have the resources to support this staffing increase at this time. During the upcoming analysis stage, NYCHA will determine full resource needs for the strategies in this Transformation Plan and create a phased approach for achieving this vision, which we will be detailing in the Implementation Plan.

It is important to note, however, that this major increase in operations staffing is not a static number that will remain unchanged indefinitely. In addition to funding critical repairs, one of the major functions of the capital program and its substantially increased budget is to “right-size” site based and supporting skilled trades staffing. As future progress is made in terms of work order completion and capital repairs, NYCHA can continually assess staffing needs and the feasibility of contracting out certain work items based on existing and projected development needs at that time.

Further refinements to the staffing model and assessment are expected with the continued inclusion of additional data and recommendations as a result of the current work being undertaken for the new Neighborhood Model. Also, property-based budgeting and property-

based management plans will impact allocations and perhaps total staffing need. Nevertheless, what is clear from the above information on the loss of over 3,000 positions in the last 20 years and this analysis is that without a comprehensive infusion of capital funding as is envisioned under the Stabilization Plan, NYCHA simply does not have the current existing resources necessary to meet the requirements for delivering all essential operating services for its residents at its public housing developments. Accordingly, the completion of necessary capital improvements, the decentralization of skilled trades to increase efficiency and productivity, and improved coordination between operations and capital planning are all measures that can contribute to a reduction in the future operating and staffing needs and costs and therefore, must be a critical part of the implementation of the Transformation Plan.

C. 2021 Five-Year Operating Plan

The 2021-2025 Operating Plan, approved by the Board on December 30, 2020, includes \$4.084 billion of expenditures and \$4.058 billion of revenues in 2021. We are projecting a \$25 million deficit in 2021. The Authority is committed to balancing the budget and will provide a midyear update to the Board. We will monitor the potential deficit closely with quarterly revenue and expenditure forecasts. If we do not receive additional federal funding through a stimulus bill or other subsidies, we will slow the pace of hiring and/or use the operating reserves to prevent a deficit at year-end. We are confident that the 2021-2025 Proposed Operating Plan allows us to make significant progress in addressing the Agreement pillar areas and improve housing conditions for our residents.

Five-Year Proposed Sources and Uses

(\$ in Millions)	2021	2022	2023	2024	2025
Sources					
Tenant Rental Revenue	\$1,008	\$918	\$829	\$758	\$740
Federal Operating Subsidy	\$1,015	\$921	\$875	\$840	\$816
Section 8 Subsidies	\$1,352	\$1,467	\$1,697	\$1,989	\$2,264
City Funds	\$248	\$233	\$217	\$217	\$217
Capital Transfer & Management Fee	\$290	\$176	\$176	\$176	\$176
Withdrawal from Reserves	\$45				
All Other Revenue	\$101	\$48	\$47	\$46	\$48
Total Sources	\$ 4,058	\$3,763	\$3,841	\$4,026	\$4,261
Personnel Services (PS)					
Headcount	11,811	11,402	10,924	10,315	10,054
Salaries	\$766	\$776	\$751	\$720	\$706
Fringe	\$571	\$611	\$614	\$615	\$623
Overtime	\$90	\$87	\$83	\$81	\$80
All other Salaries	\$17	\$17	\$16	\$16	\$15
Total PS	\$1,444	\$1,490	\$1,464	\$1,432	\$1,425
Other than Personnel Services (OTPS)					
Leases	\$69	\$54	\$55	\$57	\$57
Supplies	\$105	\$114	\$92	\$82	\$80
Utilities	\$513	\$476	\$435	\$403	\$401
Contracts	\$612	\$440	\$401	\$377	\$373
Section 8 Landlord Payment	\$1,185	\$1,317	\$1,587	\$1,840	\$2,028
All other OTPS	\$155	\$171	\$168	\$154	\$146
Total OTPS	\$2,640	\$2,573	\$2,739	\$2,913	\$3,085
Total Uses (PS & OTPS)	\$4,084	\$4,063	\$4,204	\$4,345	\$4,510
Surplus (Deficit)	(\$25)	(\$300)	(\$363)	(\$319)	(\$249)

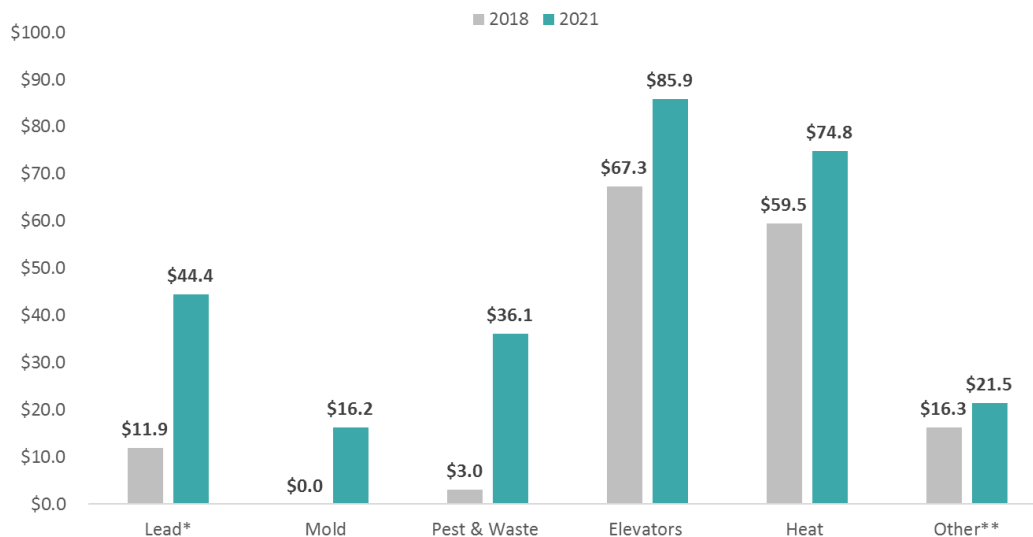
The 2021 -2025 Financial Plan includes strategic investments in the pillar areas of the HUD/SDNY Agreement in fiscal year 2021 as follows:

- \$86 million for the centralized elevator repair and services
- \$74 million for the centralized heating maintenance and services
- \$44 million for lead abatement and remediation
- \$16 million for mold remediation, including \$10 million in staffing, equipment, contracts, and supplies; and \$6 million for related data management, legal, and other services associated with the Baez consent decree
- \$19 million for the phased implementation of the Transformation Plan, including decentralization of skilled trades to the properties and other support & training
- \$35 million for sanitizing NYCHA developments seven times per week through June 30, 2021

The Financial Plan also supports a headcount of 11,811 positions, which is 472 positions greater than the 2020 budgeted headcount of 11,339.

HUD/SDNY Agreement Investments

- Over the last 3 years NYCHA has increased annual investments to the HUD/SDNY Agreement pillar areas by \$121 million.
- Pillar departments spending represent 7% of the proposed operating budget.
- Additional funding is also included in the proposed capital budget.



**Lead 2018 funding based on actuals, all others funding amounts adopted budget amounts*

*** Other includes mandated Environment Health & Safety, Compliance, Quality Assurance departments.*

D. Strengthen Property-Based Budgeting

As previously noted, NYCHA engaged BDO PHA Finance to provide consulting services related to NYCHA's implementation of HUD's asset management rule for public housing authorities (PHAs). HUD revised 24 CFR 990 in 2005, with implementation beginning in 2007, to transition PHAs to asset management. The goal of the HUD asset management model is for PHAs to manage their properties according to an asset management model, consistent with the management norms in the broader multi-family management industry. PHAs must also implement project-based management, project-based budgeting and project-based accounting, all of which are essential components of asset management.

NYCHA was an early adopter of HUD asset management principles. BDO has comprehensively reviewed the NYCHA budget process from inception to implementation, property-based budgeting approach, and central office fee-for-service methodology to provide opportunities for improvement. NYCHA's plans for strengthening property-based budgeting are further detailed under the Property Managers & Property-Based Budgeting section of this plan. Currently, NYCHA operates 148 Asset Management Properties (AMPs) as defined by HUD. Some AMPs align to NYCHA consolidations and some cross consolidations to include individual groupings of developments. Under the asset management rule, PHAs must maintain a system of budgeting and accounting for each AMP in a manner that allows for analysis of the actual revenues and expenses associated with each property. HUD allows a PHA to charge a service directly to an AMP if that service is provided directly to that AMP or to no more than two AMPs. Once a function crosses over three or more AMPs it becomes either a Central Office Cost Center (COCC) charge or a fee for service (using fee formulas prescribed by HUD rules.)

NYCHA's plans to align Property Management functions closer to the point of service delivery – at the AMP level – would change the financial position and revise the property staffing formulas that NYCHA has historically operated within. NYCHA will model the financial changes once the structural changes are finalized. For example, based on the skilled trades pilot previously discussed, NYCHA will analyze the additional trades needed to properly staff consolidations or Neighborhood portfolios. NYCHA will consider the additional cost of those staff in the context of the changing allocation, possibly from COCC to fee or direct AMP expenses. To that end, NYCHA will also evaluate whether the current AMPs are appropriately structured to maximize revenue and reduce cost allocations.

Finance is assessing how best to support Property Managers and staff as part of the Borough Administration Teams to be implemented as part of the Neighborhood Model. This could include deploying Financial Planning & Analysis (FPA) and Accounts Payable (AP) staff members. FPA staff could assist Property Managers with revisions for the properties (move funding from one account to another within adopted budget). In addition, FPA creates periodic reports that Property Managers can use to monitor their budget. Staff can provide in-person trainings on how to access and use the reports effectively. The AP staff could work with the Borough VP/ Neighborhood Administrators to ensure the three-way match needed for payment, trouble shoot receipts at the properties, and help streamline the receipt process. Staff will be able to

target properties in each borough with the highest levels of outstanding vendor payments and provide additional support. While the structure for the Borough Administration Teams is still under development, this proposal from Finance provides a good example of the opportunity to strengthen connections between the properties and central office functions.

Chapter 7. **Central Office Reorganization**

A fundamental theme and objective of this Transformation Plan involves reorienting NYCHA operations to support improvements to service delivery at the neighborhood and individual housing development level. Property Management staff complaints about “waiting for downtown” reflect the complexity of the NYCHA staff and point to the need to streamline processes, engage central staff directly in supporting neighborhood and property operations and build a culture of service that prioritizes our residents and properties. Towards these ends, central office functions and structures will evolve to support the Neighborhood Model, through implementation of a broad array of management improvement strategies that will impact each department.

A. Human Resources

The Human Resources (HR) Department administers all aspects of NYCHA’s human capital program including recruitment, labor relations, time and leave, and professional development. The HR process is sometimes facilitated by HR liaisons within program areas, but these are somewhat informal and ad hoc connections, and many have been subject to budget cuts over the years. As a result, many department managers have expressed uncertainty as to how HR processes work and how to proceed with basic tasks such as recruitment.³¹

The de-centralization of staff from central office to borough/neighborhood-based teams completely re-defines the role of HR liaisons. Employees assigned to the boroughs will not be liaisons but will be tasked with the purpose of delivering HR services on behalf of their assigned borough. Coordination with central functions is still key as NYCHA works through the City’s civil service system. However, tracking and prioritization of vacancies and recruitment would improve through stronger understanding of the borough/neighborhood operational needs.

1. Strategy A.1: Implement a Human Capital Management System

NYCHA does not currently have an end-to-end HR management system. HR struggles to coordinate with Finance, often showing different position vacancy data.³² NYCHA’s current HR processes are largely manual, and many of them rely on a home-grown database. HR has started the process to implement a commercial-off-the-shelf cloud-based Human Capital Management (HCM) system to automate both current processes and desired new processes. This system will play an important role in providing HR team members with easy access to all relevant

³¹ KPMG, *Current State Observations and Maturity Assessment*, p. 329

³² KPMG, *Current State Observations and Maturity Assessment*, p. 372

information required to perform duties, increase HR efficiency, phase out HR home-grown databases and provide more transparency into the actions HR performs.

The goal of the HCM solution is to automate the full range of human resources-related services for all NYCHA employees. The HCM will offer end-to-end HR services, from initial recruiting of employees to hiring and onboarding through separation/retirement, and will streamline the management of core HR functions, including management of employee benefits, disciplinary information, and leaves of absence. To achieve this goal, NYCHA will review all HR business processes to ensure that we are automating successful, streamlined, and efficient business practices. A proper technical implementation will ensure NYCHA's data in the HCM is maintained, secure and accessible, including necessary interfaces with other internal and external systems. An HCM mobile or self-service component will also be offered securely to NYCHA rank and file employees, specifically those team members that work at properties located throughout the City.

2. Strategy A.2: Empower staff through enhanced Employee Engagement & Recognition efforts

NYCHA employees often feel disconnected from the direction of the organization.³³ Career paths are undefined, performance reviews cursory, and feedback largely unstructured. Our development staff, representing over 70% of NYCHA's workforce, want to do a good job but are too often stymied by internal processes, insufficient resources, and dire physical conditions. Employee anxiety is high, morale is low, and our operational challenges continue to grow.³⁴ Staff engagement often comes too late in the planning process and many employees feel their voices are not heard in developing policies and programs that affect their day-to-day work.³⁵

NYCHA recognizes that voluntary, cooperative activities by employees to meet their mutual needs or interests, serve their common welfare, or make their relationships and employment more pleasant can contribute substantially to a favorable work environment. Organizing such activities under employee associations assist with meeting some of the interest needs of employees.

Employee associations help foster a more inclusive environment in which all employees are empowered and feel motivated to contribute to the employer's organizational success, by an enhanced sense of their own well-being. Diversity and Inclusion values are foundational in allowing employees to be their authentic selves and shaping inclusive policies and processes that give credibility to Authority's decisions. These associations seek to increase cultural awareness, educational advancement, and professional development opportunities for their members and colleagues.

³³ KPMG, *Current State Observations and Maturity Assessment*, p. 366-70.

³⁴ KPMG, *Change Readiness Report*, p. 10.

³⁵ Transformation Plan, *EEC Meeting*, Feb, 28, 2020.

One such organization is the Employee Engagement Committee (EEC). To better understand current challenges and to develop impactful employee empowerment strategies that would resonate with staff, we asked NYCHA's Employee Engagement Committee to lead brainstorming sessions on how to repair NYCHA's relationship with our employees. Tasked with thinking through how to empower NYCHA employees, the EEC identified five high level goals for NYCHA:

- **Equip Employees for Success** by supporting professional development with leadership and soft skills training and by providing greater autonomy, clearer expectations, and proper resources for development staff.
- **Promote a Sense of Security** by making safety improvements at the developments, resolving funding issues, and treating all departments with the same weight and respect.
- **Strengthen Pathways for Growth** by promoting from within and starting career development programs such as mentorship, job shadowing, and cross-agency training programs.
- **Show Employee Appreciation** by restarting employee recognition programs and anniversary awards, supporting social activities and offering other incentives to improve morale.
- **Keep Improving** by formalizing staff feedback channels, improving communications from leadership, and continuing to invest in improving the work environment.

We will continue to work with current and future cohorts of the EEC to co-create, validate, and implement strategies that empower employees and improve NYCHA's organizational culture to ultimately provide better service to our customers.

The EEC is an example of how NYCHA can break down silos to work together. Wholesale change to an established culture is difficult, but we believe this cross-functional and thoughtful team is the right group to lead the charge. Through open and honest discussions of NYCHA's challenges - and failings - we can begin to repair the trust that has broken between the agency and its employees.

B. Learning and Development

A key organizational principle of the Transformation Plan is that NYCHA will monitor itself to ensure quality. NYCHA took a significant step towards making this a reality with the creation of three new oversight departments: Quality Assurance, Environmental Health & Safety, and Compliance. However, visibility into how the work is being done is only half of the equation. After mistakes have been identified, we must be able to correct the behavior with training. Right now, NYCHA is not set up to adjust how we work based on findings from quality control reviews.

We have also heard from staff, residents and external partners that more training is needed, ranging from customer service to basic procedural standards such as opening and closing work orders. In the role of property manager, it is our duty to ensure that our employees have access to the tools they need to do their jobs well. To determine the extent of training across the Authority, the Compliance Department comprehensively documented and mapped NYCHA's existing training by obtaining training contracts from procurement and meeting with training points of contact from departments across NYCHA. The major finding was the need for centralized tracking and oversight of training throughout the agency and improving staff access to available trainings.

In response to these findings, and to better align the training function with the new Neighborhood Model, NYCHA will make fundamental changes to the Learning & Development Department (L&D) so that training is accessible and adaptive to an evolving NYCHA.

1. **Strategy B.1: Launch a Learning Management System (LMS)**

In October 2020, NYCHA launched *NYCHA University*, an online portal that business units can use to offer direct access to training for staff, track learning progress and performance and maintain compliance.³⁶ NYCHA University will become the agency-wide source for on-demand learning content, providing every employee with convenient and flexible access to both required trainings and voluntary, self-paced professional development courses. NYCHA University will also provide employees with a "transcript" of their NYCHA learning in order to better identify gaps or next steps for career advancement. NYCHA University features include:

- **Enhanced search functions** and web-based search design that makes it easier for staff find available training and related resources.
- **Automated notifications** for required training and registration confirmations.
- **Instructor-led training registration** where staff can search for existing training, indicate interest in future course offerings, or get waitlisted for training programs that may currently be full.
- **Calendar of events** to upcoming instructor-led training that aligns with staff interests and schedules.
- **Transcript history and reporting** for easy access to employee training history. Leadership can also generate reports and analysis from this information.
- **User and manager help resources** including in-depth, step-by-step guides, tutorials, and other assistance.

As part of the development of the Human Capital Management System mentioned above, NYCHA is looking to procure a system that will either include a LMS or seamlessly connect to and integrate with the current LMS solution.

³⁶ KPMG, *Current State Observations and Maturity Assessment*, p. 479

2. Strategy B.2: Align Training with the Neighborhood Model

In the new Neighborhood Model, Neighborhood Administrators will create annual Neighborhood Training Plans with the assistance of L&D. As part of this process, Directors will use training progress and performance reports from the previous year to set learning objectives and identify specific training needs and targets. Training plans will consider existing training resources and, if required, outline a plan to create and procure new training materials.

L&D will also create the Management Academy, a cohort-based program geared primarily towards Property Managers that includes opportunities for individual coaching and mentoring, exposure to cross-functional and diverse experiences within the agency, experiential learning projects where cohort members can practice skills, and opportunities for professional and industry association involvement. And, because the Property Manager career trajectory is only one of many at NYCHA, L&D will develop Independent Development Plans (IDP) as part of NYCHA University that allow employees to chart actionable steps towards their long-term goals.

In order to evaluate the effectiveness and relevance of trainings, L&D primarily uses the Kirkpatrick Model of Evaluation- Level 2 Reaction, which is the degree to which participants find the training favorable, engaging and relevant to their jobs. For some courses, Level 2 Learning evaluations are utilized. Where applicable, L&D is able to evaluate the degree to which training participants acquire intended knowledge, skills, attitude, confidence and commitment based on their participation in training. This level of evaluation is gauged via tests, quizzes, and visual assessments. Starting later in 2021, L&D will be instituting Level 3 evaluations via randomized digital surveys to managers/supervisors of training participants to gauge behavior or the degree to which training participants apply what they learned during training back at their respective locations.

L&D's ability to create accessible and adaptive training that supports the Neighborhood Model also relies on connectivity to key functions within NYCHA, particularly those that monitor operations and dictate changes in procedure. Alignment with departments such as Compliance and Performance Management & Analytics, for example, provide L&D with visibility into where training is needed the most.

3. Strategy B.3: Regularly evaluate NYCHA managerial job performance against core competencies and goals

To complement learning and development strategies, NYCHA is committed to revitalizing a meaningful goal-setting and performance evaluation process in order to hold management accountable to implementing the changes that serve as the foundation for transformation. At its core, the performance evaluation process is about ensuring high-level leadership capability and accountability for the success of the organization.

Understanding the connection between performance and development, NYCHA is looking to provide ongoing effective and sufficient feedback to its managerial employees. We will be looking

for visible evidence that the leadership of the agency understand the requirements of their respective roles, take responsibility for execution, and are held accountable for their performance. A meaningful performance evaluation process is an opportunity to clearly articulate specific individual and departmental goals and to measure successful execution of core competencies in support of the organization's desired transformation. Through such a process, NYCHA will support its managerial staff by implementing a culture of continuous growth, development, learning and feedback.

C. Supply Chain Management

NYCHA is a notoriously difficult organization to work with as a business partner. Feedback from vendors, elected officials and other external parties was universal: we need to change how we interact with the outside world.³⁶ Our vendors experience a complicated and opaque process, leaving them uncertain of their status and unable to plan for themselves. The RFP process can take upwards of a year from scope writing to contract start—hardly a workable situation for an agency in continuous crisis.³⁷ Getting paid is an arduous task, with little transparency or urgency, and invoices can sit unpaid for years due to technicalities.

Unsurprisingly, NYCHA's poor business practices attract a limited pool of qualified vendors as many are simply unwilling to take part in the process.³⁸ Limited competition leads to lower quality work and higher prices, while restricting our ability to default or swap underperforming vendors.

Given the current state of NYCHA's portfolio and organization—and our reliance on vendors to supplement staff capacity—we cannot afford to accept underperformance on contracts. In support of the Neighborhood Model, NYCHA must attract the most qualified, effective, and professional vendors across every spend category, which will require a dramatic change in the way NYCHA conducts business.

1. Strategy C.1: Create Chief Procurement Office

NYCHA hired a new Chief Procurement Officer (CPO), who will temporarily report to the General Counsel and oversee the Authority's Procurement, Materials Management, and Supplier Diversity departments. The CPO is tasked with unlocking NYCHA's potential as a business partner, improving our processes and procedures to ensure we attract only the best vendors. We are moving these functions under the General Counsel to bring them closer to the Law Department's Corporate Affairs procurement expertise. Once the procurement and vendor management processes have been redesigned, the CPO and these departments will report to the Chief Administrative Officer.

2. Strategy C.2: Re-design the procurement and vendor management process

NYCHA engaged an outside consultant to analyze the agency's procurement processes and recommend changes to improve performance and perception in the market. The team worked

closely with business units across the agency, along with the Supply Management Department and Law Department, and submitted a detailed set of recommendations in August 2020.

Based on the recommendations, NYCHA will move to a hybrid procurement model, relying on cross-functional procurement teams (p-teams) comprised of buyers, contract specialists, lawyers, and business unit representatives. Currently, NYCHA's procurement process involves all these same functions, although their coordination is ad hoc. This hybrid model balances business unit needs with agency-wide goals, while enabling collaboration and centralized compliance. The new Chief Procurement Officer is tasked with developing new procedures for the hybrid model.

NYCHA has also engaged an outside consultant to assess additional procurement-related functions, including the requisition-to-pay process and inventory management. The inventory management assessment focuses on understanding the sources of the Authority's inventory issues, which include difficulty with tracking, receiving, and managing materials stored throughout the NYCHA system. The team plans to work closely with the Materials Management Department and business units that maintain storerooms in order to identify pain points in the inventory management process, benchmarking against established leading practices and ultimately provide recommendations for process improvement to realize savings, reduce delivery times, and improve overall service levels related to supply management.

The requisition-to-pay assessment focuses on uncovering the issues that cause delays in payments to vendors - a consistent problem for the authority and one that discourages vendors from engaging with NYCHA. The team is working closely with Procurement, Accounts Payable, and business units across the agency to identify pain points and provide recommendations for potential improvements. The goals of this engagement include reducing accounts payable processing times and improving the invoicing experience for NYCHA's vendors, with the ultimate result of expanding NYCHA's vendor pool and streamlining the requisition-to-pay process for NYCHA departments.

An additional assessment of NYCHA's capital procurement process—currently under the purview of the Capital Projects Division—will begin after the requisition-to-pay and inventory management assessments are complete. The review of capital procurement will include analysis of the current organizational structure, regulatory requirements, and business processes, along with recommendations to improve NYCHA's approach to large-scale construction procurement. This will include new approaches to vendor and contract management, better enabling NYCHA to enforce contract terms and attract the best vendors for each project.

In addition to the p-team model and procurement-related assessments, NYCHA will act on several recommendations relating to structure and internal efficiencies. The authority has already updated its Procurement Policy Manual, which serves as the foundation for streamlining and improving processes. Additional initiatives include a restructuring of the

procurement department to build out a strategic sourcing arm and the development of robust processes to ensure vendor integrity and performance. NYCHA will also implement technology that can support the Authority's procurement goals, including tools to better track the progression of procurements and contracts. Lastly, NYCHA will enhance its approach to vendor management, implementing a vendor engagement strategy and building a pool of high-quality vendors, with a specific focus on MWBE and Section 3 business concerns.

D. Compliance and Environmental Health and Safety Department (EH&S)

The Compliance and EH&S Departments play a critical role in driving improvement at every level – across the entire agency, at individual properties, and within individual devices or systems. As a key component of oversight, these Departments focus on identifying failures while providing immediate oversight and recommendations for process improvements over time, including in each core pillar area: (1) lead, (2) mold and emergency leaks, (3) pests and waste management, (4) elevators, (5) heat, and (6) inspections.

The Compliance Department's mission is to ensure that NYCHA complies with laws and regulations and is ethical in fulfilling the overall mission to provide safe, affordable housing to our residents. The EH&S Department is responsible for providing oversight, analysis, and evaluation of all matters and work conducted by the Authority which have any impact upon the environmental health and safety of NYCHA residents, employees and real property.

Together, the tasks of the Compliance Department and EH&S include:

- Oversee NYCHA's compliance with federal, state, and local laws and regulations;
- Ensure the accuracy of NYCHA's regulatory reporting and statements;
- Develop and maintain updated procedures that align with laws and regulations;
- Advise staff on environmental health and safety issues;
- Ensure the integrity of the Public Housing Assessment System (PHAS) and all other inspections at NYCHA;
- Maintain a communication channel for complaints made by NYCHA residents, employees, contractors, and the general public;
- Respond to complaints as appropriate;
- Promote compliance through communication and special initiatives;
- Conduct on-site monitoring and review of work conducted by teams in Operations to identify any deficiencies or recommendations for improvement; and
- Ensure that NYCHA management and staff receive appropriate training.

In general Compliance (through the On-Site Monitoring, OSM) or EH&S (through their root cause analyses, etc.) will issue a recommendation on improvement and accountability for making that change rests within Operations as these departments do not have explicit authority over Operations. However, if there is a failure to comply or implement recommendations these will be escalated to the CEO so that the CEO can intervene if Operations is not complying.

Fortunately, this has not been the experience to date. For example, HMSD has been actively making changes and implementing EH&S' recommendations; and Compliance provides technical assistance and tracks developments against their OSM corrective action plan.

1. Strategy D.1: Provide Regular Reporting on System-Wide Challenges

EH&S and Compliance report out on systemic, portfolio-wide challenges preventing NYCHA from complying with the HUD Agreement or other laws and regulations. For example, Compliance and EH&S jointly issue a "Lead Exceptions Report" each month to Operations and the Executive Team. The reports describe the findings of its joint Lead Compliance Assurance Program.

EH&S also issues a report each month rolling up the findings of its specialized teams based on field monitoring and other analysis. EH&S has oversight teams dedicated to each pillar of the Agreement, including the Lead Oversight Team, the Indoor Air Quality Team (which handles mold among other items), the Heating Oversight Team, the Integrated Pest Management Oversight Team and the Elevator Oversight Team.

Consistent reporting provides actionable recommendations to Operations and the Executive Team, which are then tracked in each subsequent report by Compliance and EH&S. We will use this reporting and feedback structure to drive system-wide process improvements or address common deficiencies found across workflows on an integrated basis.

2. Strategy D.2: Conduct System-Wide Bi-Annual Risk Assessment Analysis and Property-Level On-Site Monitoring, and Technical Assistance

To track performance across all developments using data analytics, the Compliance Department, in partnership with the Performance Tracking and Analytics Department (PTAD), developed a risk assessment framework using key data points to determine which developments are at greatest risk for non-compliance with the HUD Agreement and other laws and regulations. Compliance and PTAD worked to compile a matrix of key indicators to analyze across developments, and to build an algorithm that weighs these indicators and assigns a risk assessment score to a development. Using this scoring algorithm, Compliance and PTAD can determine which developments need additional focus in terms of compliance monitoring, technical assistance and integration efforts. Indicators related to Operations and the HUD Agreement are the most important to this initiative and therefore comprise most of the indicators. However, several indicators related to day-to-day management of the developments and the quality of life for residents and workers are also included.

Compliance then uses this risk assessment to schedule onsite monitoring at developments with lower scores.

On-Site Monitoring:

The Compliance Department and EH&S, in partnership with the Quality Assurance Department, conduct two on-site monitoring projects per month at developments based off analysis from the risk assessment. Over the course of the week, staff from Compliance, QA, and EH&S (collectively, the “On-Site Monitoring Team”) conduct investigations into general property management and operational areas including: heating, elevators, pests, daily inspections and trash, annual recertifications, the state of resident files, rent collection, general maintenance and repair, recycling and janitorial, mold, lead, smoking signage and complaints, violations, crime, vacancy rates, and procurement. The On-Site Monitoring Team investigates topics covered by the HUD Agreement and other high-risk areas.

After the On-Site Monitoring Team has completed its work at the development, the team works together to draft the On-Site Monitoring report. The report is then issued to the development, along with Senior Operations, and Executive staff within approximately thirty (30) calendar days of the On-Site visit. Development staff must prepare a corrective action plan with time frames and deliverable deadlines to address deficiencies found during the monitoring exercise. Compliance then works directly with development staff to track, manage, and close the deficiencies through an online tracker. Development staff must provide weekly updates that demonstrate corrections to the deficiencies found and must provide these updates in a timely manner in order to achieve compliance with the report. When a development successfully completes most deficiencies, a close out memo is issued to development staff along with the Senior Operations team. The On-Site Monitoring process has created a new level of accountability at the property level. While Compliance can only work with so many developments each year, this process is creating a new expectation of accountability among the Neighborhood Administrators and property staff even if Compliance is not currently monitoring that site.

Technical Assistance:

When a housing development is having difficulty correcting deficiencies in multiple areas or in one area found in the report, Compliance sends a team back on-site to provide technical assistance. Based on the findings of the On-Site Monitoring Report for the development, Compliance creates a Technical Assistance Guide (TAG) for staff using the NYCHA standard procedures and any applicable laws or regulations covering the area of the deficiency(ies). Compliance incorporates corrective actions and guidance specific to each area of deficiency cited in the On-Site Monitoring Report for the target development. The TAG is geared toward the specific staff/titles who were cited for the deficiency and/or who are responsible for complying/ensuring compliance with the applicable standard procedure, law, or regulation.

The Compliance team schedules a visit to the development to review the TAG. In advance of the visit, the Compliance team submits the TAG to the Neighborhood Administrator, the Property Manager, and the Property Maintenance Supervisor for their awareness. On the day

of the visit, the Compliance team comes to the development to review the TAG with the Property Manager and the Property Maintenance Supervisor (or other appropriate point person) and/or the staff which participated in the initial On-Site Monitoring (or named in the On-Site Monitoring Report). The specific purpose of the visit is to provide on-site technical assistance for staff, answer any questions the staff may have, and work to come up with additional timelines and dates to have the deficiencies corrected. The visit takes place several weeks after the issuance of the initial On-Site Monitoring Report for the development. If the specific staff/title still does not meet the additional timelines or dates to correct a deficiency, then the matter is escalated to a supervisor and continuously tracked to make sure staff and/or their supervisor is held accountable.

3. Strategy D.3: Conduct Root Cause Failure Analyses of Building Systems

EH&S' Elevator Oversight Team analyze data to conduct a "root cause failure analysis" on elevators with recurring outages over a thirty-day period. Similarly, EH&S' Heat Oversight Team conduct a "root cause failure analysis" on any outage that took more than twelve hours to resolve. The analyses are system or device specific and identify parts, staffing or other items that may have contributed to any serious failures.

EH&S then provides recommendations directly to the Elevator Service and Repair Department or Heating Management Services Department. EH&S will then track whether the recommendations are implemented for those building systems, reporting out on the status of implementation for each item on a regular basis.

E. Information Technology (IT)

Enabling new business and operational capabilities through innovation and technology is critical to successfully transform NYCHA's core operations and services to enrich the resident experience. The NYCHA IT department, led by the Chief Information Officer (CIO), had previously reported to the General Manager as a core operational support function. However, for IT to become more proactive, nimble, and responsive to the rapid pace of change at NYCHA, it must actively participate in key decisions supporting all departments. As part of the Transformation Plan, IT will be aligned as a central support function reporting to the CAO.

In May 2020, NYCHA hired a new CIO to improve the IT service delivery model and elevate the quality and effectiveness of the IT Department's customer service, reliability and relationship with other NYCHA departments and key stakeholders. This improvement effort spans the entire IT Department and, not only requires change in our technology roadmap but, more importantly, to the fundamental principles and embedded processes that have shaped the internal culture and perceived value of IT across the organization.

1. Strategy E.1: Develop a holistic strategic direction for IT

In order to support the growing needs of our NYCHA business and operations departments, the NYCHA IT department must shift from maintaining legacy systems and isolated technical

products, to a more strategic and holistic architectural model for continuously evaluating and managing our enterprise solutions and platforms long-term. NYCHA IT will realign resources to establish new functions dedicated to more holistically plan and manage our systems and services: IT Strategy & Planning (ITSP) and Enterprise Solutions Management (ESM). The two teams will partner across IT and other NYCHA departments to develop a strategic direction for IT in three major steps:

Step 1: Assess the current IT maturity and satisfaction

NYCHA IT will hire an independent IT advisory firm to conduct a maturity assessment and baseline the current level of customer satisfaction of our IT products and services. The result of these engagements will include a measurement of NYCHA IT against comparable IT organizations, with recommended short- and long-term improvements.

Step 2: Evaluate the stability of the infrastructure and application architecture

The IT Department hired GCOM Software LLC, an independent technology consulting firm, to complete an initial, comprehensive infrastructure assessment and provide recommendations for stabilizing and modernizing our IT datacenter hosting architecture. The recommendations will be reviewed with other departments including Human Resources, Operations and Capital Projects Division prior to the development of an action plan and recommended technology investment strategy. In a parallel workstream to address our legacy housing application dependencies, NYCHA IT will procure third-party services to document core business requirements for mission-critical systems supporting Public Housing and Leased Housing. We will align those use-cases with our current custom applications and validate their value against newer and potentially more cost-effective commercial off-the-shelf (COTS) software and services.

Step 3: Publish an IT strategy and technology modernization plan

NYCHA IT will combine the outcomes of the assessments with outputs from internal strategic planning workshops and recommendations from the KPMG report to determine the department's mission, guiding principles, and goals for IT going forward. The CIO will propose a sequence of business-driven initiatives with measurable objectives aimed at addressing the identified gaps from the assessment and carve out an immediate path to collectively achieve our business and technical goals. The strategy will include a modernization roadmap of specific, short- and long-term technology changes within the NYCHA IT environment to optimize our delivery of service to our business customers and streamline our internal IT operations.

2. Strategy E.2: Close the inter- and intra-departmental divide across major IT services and engagements

NYCHA IT strives to be a close partner whose goals align with the business goals of its customers. However, to most internal and external stakeholders, IT is currently perceived as a utility or a means to provide and maintain systems availability. In the past two years, IT has

faced an unprecedented rate of change at the Authority, which resulted in an environment that is mostly reactive and engages with the business on an as-needed basis. Over time, the level of engagement with a business department varies from one IT unit to another, leading to unbalanced allocation of resources. Additionally, our internal processes are separate and, in some cases, redundant, creating a disjointed customer experience. This decentralized engagement results in unpredictable and unmanageable IT demand and a silo-promoting culture, which is detrimental to the quality of our service delivery.

The strategic partnership between IT and other NYCHA departments will be strengthened by establishing a customer experience management framework, with business relationship managers (BRMs) dedicated to understanding the business needs and expectations of assigned departments and shepherding their IT requests throughout the fulfillment process. The relationship managers will be part of a Business Client Services team, charged with building and supporting the IT-business relationship across four functionally aligned department portfolios: Regulatory and Compliance, Finance and Administration, Operations, and Capital and Asset Management. To support the Neighborhood Model in the Operations portfolio, IT will align client services resources to the borough offices and begin fostering partnerships and addressing IT needs closer to the property manager level than ever before.

NYCHA IT will implement a new IT intake process, a well-defined method to capture and manage all customer demand and bridge stakeholder expectations with IT capabilities and strategic prioritization. IT, in partnership with all departments, will establish a cross-departmental team of Business IT Liaisons (BITLs) to serve as lead contributors to the intake process and help improve collaboration, communication and transparency of current and future technology needs within their respective departments and across the organization. These business-driven changes are part of a larger redesign of our IT operating and engagement model, which re-aligns key IT functions and services to eliminate redundancy, establish independent checks and balances over product delivery, and streamline the end-to-end customer experience.

3. Strategy E.3: Buildout a cybersecurity program and enhance testing function

As the nation's largest public housing authority, NYCHA is responsible for securely storing, transacting and protecting the large amounts of private and sensitive information that traverses multiple NYCHA applications, its network infrastructure, and our staff. The risk of a cybersecurity threat, internal system failure or information exposure depends on the strength of our security posture. NYCHA has hired its first Chief Information Security Officer (CISO) to expand the capability of the current IT security audit function into a comprehensive cybersecurity and IT Risk Management program. The program will begin with a comprehensive security assessment to identify areas of focus, and in the end, introduce standalone best practices for cybersecurity operations, engineering and governance, and assume responsibility for managing IT disaster recovery and business continuity planning.

To complement our new cybersecurity and risk management capabilities, the IT Department will develop a quality assurance (QA) testing framework and establish a consolidated QA function to optimize the quality and consistency of end-to-end testing of the department's application, infrastructure, and other platforms and products. This enhanced testing framework will embed new security requirements and sign-off into manageable product release cycles, resulting in more secure, stable, and reliable technology solutions.

4. Strategy E.4: Standardize around IT Service Management (ITSM) processes

NYCHA IT will introduce an ITIL best practices framework and an associated set of tools and processes to streamline IT operations management. In November 2019, NYCHA implemented its first module of ServiceNow, a leading ITSM platform, but has not yet been able to maximize the full potential of the product due to process deficiencies, lack of training and staff readiness for change. NYCHA will build out a standalone ITSM function to manage the adoption and department-wide integration of new ITIL-based processes including incident, problem, and change, management, service asset and configuration management, and the maturation of three separate help desks into a consolidated service desk and tier-1 client services center. This will serve as a foundation to strengthen and improve reliability around the full set of infrastructure, application and security products and services NYCHA IT provides to our customers and stakeholders.

F. Community Engagement & Partnerships

The Department of Community Engagement & Partnerships (CEP) connects NYCHA residents to critical programs and services and engages residents around key agency priorities. CEP supports NYCHA's extensive network of Resident Associations (RA) and manages partnerships, programs and initiatives in the areas of economic opportunity, youth, senior, health and social services. CEP works with residents and partners through six departments:

Resident Engagement (RED): Engages residents on key initiatives to foster resident input, education and awareness. RED provides technical assistance and support to Resident Associations network, including overseeing RA elections, training and administration of Tenant Participation funds. RED also manages a network of youth councils and "Senior Champion" or senior volunteer network, supports other resident-led groups and oversees key programs such as the Resident Leadership Academy.

Community Development (CD): Implements targeted, strategic engagement in support of new construction and/or substantial rehabilitation and modernization projects. CD facilitates public meetings and workshops, and performs individualized engagement to solicit input, increase awareness and understanding, and support successful conversion for residents within our real estate development and rehabilitation portfolio.

Resident Economic Empowerment & Sustainability (REES): Empowers residents to increase their income and assets through programs, policies and partnerships in four key areas: employment

and advancement, business development, adult education and training, and financial literacy and asset building. REES manages key programs including the NYCHA Resident Training Academy, Family Self-Sufficiency Program and Business Pathways Programs. REES also connects residents to jobs generated through Section 3 and other NYCHA hiring requirements.

Family Partnerships (FPD): Through partnerships, connects NYCHA residents to youth, senior and social services. Provides individual social service assessments and referrals for certain “at risk” populations to resolve tenancy issues and support long-term stability. FPD manages relationships with City-sponsored community and senior center providers and oversees key programs such as the Family Reentry Program.

Health Initiatives (HI): Manages partnerships and interagency efforts to connect residents to preventive health resources, create healthier indoor environments and cultivate resident leadership in health. HI manages key programs including Smoke Free NYCHA and Farms at NYCHA.

Office of Public Private Partnerships (OPP): Provides centralized grant management for CEP and other competitive agency grants. OPP manages government and private funder relationships as well as cultural and other private partnerships. OPP serves as liaison to the Fund for Public Housing.

CEP departments currently use a “zone” service model or borough-based model, based on the functional area. At the local level, staff work with resident leaders and key external stakeholders, local service providers and local NYCHA offices to connect NYCHA residents to high quality services and engage. NYCHA ensured that the zone model and the new Neighborhood Model align so that staff connections are streamlined to facilitate both internal and external communications.

1. Strategy F.1: Strengthen engagement under 24 CFR §964

NYCHA needs to strengthen its partnership with Resident Leadership. In January 2020, the Chair began discussions with the Citywide Council of Presidents (CCOP) on a new memorandum of understanding (MOU), which will formalize how NYCHA and Resident Leadership will collaborate under the terms of 24 CFR §964, which requires NYCHA to incorporate resident participation in “all aspects” of the Authority’s “overall mission and operation.” The rule includes guidelines on resident associations, resident management corporations, resident training, and resident opportunities.

NYCHA has outlined a series of measures that formalize existing practices as well as new strategies. Key measures include:

- **Increasing Resident Participation:** Resident Associations are responsible for conducting elections, pursuant to their bylaws, at least every three years. Over the past two years, Resident Engagement (RED) has implemented a series of election reforms in partnership

with RA's, aimed at increasing resident participation. This includes requiring RA's to conduct open elections that do not limit voting to members and Civic Engagement events each spring and fall that build momentum through centralized election days by borough. NYCHA looks to expand this democratization by partnering with RA's to offer voting online and through other remote options.

- **Strengthening Partnership:** It is critical NYCHA and RA's build strong relationships through frequent meetings and communication. Property managers are expected to meet monthly with Resident Association leadership. This practice has varied across our portfolio, in part due to staff turnover. In 2019, Resident Engagement led citywide training for all property managers on working with RA's and provided standard templates, informed by CCOP, for monthly meetings. In the new neighborhood model, this process will be reinforced through coordination between RED and Property management borough teams.

NYCHA leadership is in regular communication with the CCOP. Over the past year, NYCHA has instituted weekly meetings to discuss the MOU pending reforms to the agency. NYCHA and the CCOP have quarterly meetings to discuss issues of importance between both parties. This practice would be formalized in any new MOU, in addition to opportunities for CCOP to engage with other members of the NYCHA board.

- **Resident Involvement in local improvements:** NYCHA is finalizing a resident engagement policy that will guide capital projects ranging from roof replacements to playground upgrades. This will outline a series of points for resident outreach ranging from notification, to making accommodations for disruptions, to design charrettes.

RA's will also work closely with their property managers to review and inform priorities within the local property-based budgets. NYCHA is also working to develop jointly led resident satisfaction assessments.

RAs are not the only touchpoint with residents—we need to redefine the relationship with each resident, based on our newly articulated mission. In support of our shared decision making, NYCHA will include residents in working groups concerning occupancy, general management, maintenance, security, resident training and employment, social services, modernization priorities, and other new initiatives planned for implementation. This will start with establishing a resident roundtable focused on implementation of quality of life improvements outlined in the Transformation plan.

Every resident should know and have the opportunity to offer input on the future of NYCHA. NYCHA will leverage its communication channels to ensure residents remain up-to-date as the transformation plan is implemented. This includes informational campaigns tied to key initiatives and new tools, such as smart screens at developments, to quickly share accurate and timely information. We must commit to their ongoing

housing security and access to opportunity. A recent example of our attempt at transparent and open communication is the letter from the Chair to the CCOP in Appendix F.

2. Strategy F.2: Strengthen Engagement with Community Partners

Community based organizations also need a new level of partnership from NYCHA. In our engagements, we heard that we can be slow to commit to promising programs and our changing priorities can leave partners feeling left in the lurch. NYCHA has built a successful partnership-based service coordination model, as well as a suite of programs and services exclusive to public housing residents. However, new investment is needed in order to deepen partnership opportunities and provide more dedicated resources to residents.

CEP manages a formal network of over 150 community-based partners that work collaboratively with NYCHA to connect residents to workforce, seniors, youth and social services. In order to strengthen this network and deepen support to residents, CEP, through the Fund for Public Housing, will embark on a privately funded effort to expand existing NYCHA programs and increase staff, scale capacity for key partnership-based efforts, and develop new programs and partnerships that align with NYCHA's Blueprint plans.

While CEP manages most of NYCHA's public/private partnerships, partners interact with a variety of NYCHA departments, especially at the local property management level. CEP will work across NYCHA to try and standardize partner interactions with NYCHA across the agency and ensure departments know where to appropriately direct external inquiries. Through the neighborhood model, CEP will also work to include local property management representatives within community center advisory committees and facilitate stronger relationships between staff and onsite providers.

CEP will also work to ensure partners are keep abreast of the work of the agency more broadly through quarterly forums and regular briefings on major initiatives connected to the Transformation and Blueprint plans. This also includes identifying ways to leverage partner support, beyond service coordination, to contribute to NYCHA's plan moves forward.

3. Strategy F.3: Partnering with Residents to Improve Quality of Life

The vast majority of NYCHA's residents know and follow the rules. Still, if one resident does not dispose of waste properly or fails to treat their neighbors with respect, it can have cascading effects on the quality of life of every resident and staff member at a property. Currently, situations tend to escalate to the point where a property manager must initiate a formal complaint against a resident, the tenant is brought in for an administrative hearing, or an action is commenced against a resident in Court. NYCHA needs to implement an efficient and effective way to work in partnership with its residents to address quality of life issues. Resident associations serve an important function as resident advocates and should have a seat at the table on major decisions, but we must also work to empower specific groups of residents who

can help work hand-in-hand with NYCHA staff to have resident input on quality life improvements and support education and enforcement before and after an issue arises.

NYCHA could contract with organizations, such as Green City Force, to provide robust education, awareness and compliance campaigns at the development level. Through this model, NYCHA would be able to provide residents with stipends and experiential learning opportunities that can support their long-term career advancement. For initiatives that require full time commitment, NYCHA would seek to replicate its new Smoke Free Ambassador model which is employing residents to provide peer education and other engagement to proactively address potential lease enforcement issues in this area. Other Housing Authorities pay stipends to teams of resident ambassadors at each property. Utilizing these parallel models at NYCHA is an effective way of empowering residents and enforcing rules.

While community-level engagement is a key component of improving quality of life, property management will also require individual intervention in lease enforcements after an issue with specific residents arise.

Resident Roundtable

In implementing the Transformation plan, NYCHA will rely on a Resident Roundtable to solicit specific feedback and guidance from residents. NYCHA proposes that the Resident Roundtable would consist of 15 – 21 residents reflective of the full demographics of NYCHA’s diverse population. We would coordinate with the CCOP and provide some of the Roundtable slots to CCOP. The Roundtable will make recommendations on items such as lease enforcement and compliance; quality of life and stewardship; safety and security, feedback channels and quality assurance. The roundtable will consist of subcommittees on each category.

[CALL OUT BOX] Community Centers

NYCHA’s 364 city-operated community centers provide essential services to NYCHA residents, including daycare, Pre-K, 3-K, afterschool programming, and meals for seniors. However, many of these community centers are not in a good state of repair and frequently have to close or modify services due to poor facility conditions, including heating and air conditioning outages, plumbing and sewage issues, and pest infestations. Based on NYCHA’s last Physical Needs Assessment (PNA) these centers require approximately \$500 million in capital needs.

When services are impacted, residents’ lives are upended. Parents lose income because they must stay home from work with their children, youth do not get social supports at a critical time in their development, and seniors are unable to access their only guaranteed daily meal. These centers are primarily operated by Community Based Organizations (CBOs). However, only 86 City-sponsored community centers have active leases, leaving 278 sites with no active lease. Despite agreement that the operation of these centers is critical to fulfilling basic needs, there has been no commitment to ensure continuity of operation by formalizing the landlord-tenant relationship as is customary.

NYCHA's goal is to enter into a long-term net license or other agreement with a City agency and its CBO users assuming the responsibilities and the cost associated with their occupancy, including maintenance, repairs and utilities. In order to reach this ideal, NYCHA would need City partnership in agreeing to bind City agencies and in agreeing to allocate budget towards facilities maintenance.

Additionally, CBO users would need the mechanism to maintain/repair the spaces they occupy, presumably via contracts with service providers. As a first step, NYCHA will prioritize entering into leases for NYCHA's 41 City-operated free-standing community centers located across the five boroughs. The maintenance and repair of these centers do not raise the same longstanding infrastructure issues that are prevalent in NYCHA's public housing portfolio. Isolating repairs and utility consumption from that of the development is much more straight forward with a freestanding community center. In addition to the agreements required between the City, NYCHA, and providers, NYCHA will also work to clarify its internal policy and roles in regard to how community centers are managed.

We will work to clarify internal roles and responsibilities to ensure these valuable spaces are well maintained and used to their fullest extent. This includes a new process to evaluate proposals for community spaces, identifying and providing adequate resources to maintain spaces, and creating a new process for addressing capital need to bring centers up to code.

[CALL OUT BOX] Fund for Public Housing

The Fund for Public Housing creates and leverages resources and relationships to enhance the opportunities and quality of life for New York City Housing Authority residents, while uplifting the importance of public housing to our city. As a nonprofit (501c3) organization, the Fund for Public Housing amplifies and supports NYCHA's critical mission to provide quality housing for New Yorkers that is sustainable, inclusive, and safe, while fostering opportunities for economic mobility.

Vision 2025

The Fund for Public Housing will invest in leadership development, workforce skills and healthy lifestyles, with a focus on NYCHA's 100,000 youth and young adults (14-24 years of age) as a centerpiece of our commitment to creating economic opportunity and equity for all NYCHA residents. The Fund for Public Housing will offer powerful support to NYCHA's Transformation Plan and elevate the impact of NYCHA residents on diversity and equity in NYC's economic recovery and future.

Strategic Plan Goals

- High Impact Programs: The FPH will support development and expansion of key CEP programs, and through funding, increase opportunities for partnership.
- Powerful NYCHA Promotion and Communications

- Fundraising Success
- Good Governance
- Administrative Excellence

Measures of Success

- Fundraising goal of \$25 Million
- Residents Services – 25,000 direct impact; 100,000 indirect impact
 - One resident served directly per \$1000 raised
 - Youth and young adults 50% of residents served
- Program outcomes
- NYCHA image
 - Positive impressions in social and traditional media
- Resident Trust
 - Pre and post resident surveys on program experience

G. Equal Opportunity

The Department of Equal Opportunity (DEO) promotes and monitors equal opportunity compliance in employment, public housing, and the payment of prevailing wages by NYCHA contractors. DEO's mission is to foster agency-wide equal opportunity, inclusiveness, and non-discrimination to persons who live or work at NYCHA, receive NYCHA services, or are paid by NYCHA contractors. DEO conducts investigations of discrimination and provides equal opportunity training and assistance services. We value inclusiveness and deliver equal opportunity services without regard to race, color, gender/sex (including pregnancy, gender identity), religion, national origin, disability, alienage and citizenship status, age, marital status, familial status, military status, partnership status, predisposing genetic characteristic, sexual orientation, prior record of arrest or conviction, unemployment status, prior salary history, consumer credit history, caregiver status, or status as a victim of domestic violence, sex offenses, stalking or dating violence.

[CALL OUT BOX] Diversity Inclusion & Equity

NYCHA is committed to creating a workplace that is diverse, inclusive and fosters equity. To advance these goals NYCHA will explore hiring a Chief Diversity Officer for the agency to address practices, policy and agency culture. NYCHA has a designated MWBE officer to ensure greater diversity within contracting. In addressing how we will deliver core services to residents, NYCHA, will undertake a one-year process to analyze how practices, policy and organizational culture contribute to inequity; address disparities; and align our new operation structure and performance frameworks with racial and social equity principles in line with the City's equity standards. As part of this work, NYCHA will also join a learning community of other City agencies undergoing similar transformations to share best practices and lessons learned.

H. External Affairs & Communications

External Affairs includes both the Office of Intergovernmental Relations and the Department of Communications (DOC). The Office of Intergovernmental Relations is responsible for acting as NYCHA's liaison with State and City legislative bodies, and various governmental agencies. It works with members of the State Legislature and the City Council on oversight issues, legislation, or appropriations relative to the Authority's operations. The Office also prepares NYCHA's annual legislative program and assists the Law Department in the preparation of legislation for consideration by the State Legislature as well as comments on other legislative proposals that may impact agency programs or functions.

The Chief Communications Officer and Department of Communications (DOC) staff provide accurate and timely information to approximately 350,000 residents and 11,000 staff members, and thousands of additional stakeholders regarding the Authority's policies, programs, and services. DOC provides strategic guidance, messaging, direction and management for all communications platforms and productions, and promotes NYCHA's brand and identity to target audiences.

Through proactive media relations and rapid response, DOC engages press 24/7 to ensure accurate reporting on NYCHA's myriad initiatives and issues. The DOC team provides the full range of video production services, event and collateral photography services, and editorial content for three external websites, agency newsletters, agency-wide emails, resident letters, as well as executive level speeches, remarks and legislative testimony.

Additionally, DOC staff write and edit all messaging talking points and meeting materials. The DOC team also produces content and manages five social media platforms, and produces collateral including flyers, brochures, reports and posters for all NYCHA departments. Our staff works hand in hand with Emergency Services through weather events and service interruptions to produce robo-call scripts and resident notifications. Finally, all of these services and materials are translated into the five covered languages, and numerous additional languages to ensure access to information.

NYCHA's communications department plays a central role in every aspect of the federal Agreement, particularly in the successful implementation of Action Plans and other initiatives pertaining to the five pillars –heat, lead, mold pests/waste and PHAS –and importantly, the Transformation Plan.

Throughout this process, we have been consistently reminded that communication is key to stakeholder engagement and program success. In developing the Transformation Plan we have recognized the need to shift from our long-standing focus on media and operations services, to a broader customer-focused strategic marketing approach, which includes expanding our channels and platforms, as well as enhancing our staffing model.

To begin this process, we are poised to hire a total of 6 additional staff members to focus on project direction and management, communications and marketing strategy and execution, and website and social media content development and implementation. Enhancing staffing in these key areas will bolster our ability to advance NYCHA's mission and current goals, and effectively communicate the initiatives detailed in the Transformation Plan. However, we recognize the importance of a broader communications reach and so we will continue to evaluate resource needs to support the ongoing Transformation Plan efforts.

I. Strategy & Innovation

The Office of Strategy & Innovation (OSI) was created in 2019 and works with all parts of NYCHA to make positive changes in how we deliver services to residents. Uniting the Strategic Planning and Performance Management teams, the goal is to ensure that we are using service design and data driven techniques, as well as introducing innovative tools to improve operational efficiency and the residents' experience.

1. Strategy I.1: Establish Data Governance

Data, when properly acquired, maintained, and utilized can be a powerful asset in changing the quality of operations for a large and complex organization like NYCHA through the use of timely and actionable information. NYCHA utilizes complex processes and various systems, among its vast and at times disparate departments to conduct its activities such as making a repair in an apartment, completing residents' annual recertifications, procuring materials and supplies, making capital improvements at a development, transacting with Section 8 landlords, and processing payments to vendors. Millions of records with various attributes are created in those systems that often support changing business rules and needs. Data Governance is the practice of organizing and implementing principles, policies, procedures and standards for the effective use of data. It is achieved by establishing a set of processes, policies, standards and technologies required to manage and ensure the availability, accessibility, quality, consistency, integrity, auditability, and security of data within the organization.

Data Governance will help NYCHA answer some basic questions about its vast amount of data: Is there a high level of confidence needed to make the right decisions? Are we achieving a seamless sharing of data across our major systems and organization? Is our data secured and protected? Do we have a common understanding and consistent definitions that are clearly communicated?

In order to effectively manage and support a comprehensive data governance program across all NYCHA department, PTAD will work in close partnership with NYCHA IT, Legal Affairs, Administration, Finance, Capital, Operations and other departments, which regulate, provide and consume data and metadata, to establish the data governance framework and processes to support operational, tactical, and strategic decisions.

An enterprise data governance and strategy will help NYCHA achieve the following benefits:

- Establish Data Stewards within each business area/EVP who will serve as the key contact person with knowledge of the data for the following data domains:
 - Assets (e.g., land, building, boiler, roof fans, etc.)
 - Work Orders
 - Resident/Tenant/Applicant
 - Human Capital (HR)
 - Finance
 - Capital Projects
 - Procurement
- Enforce accountability for data management, confidentiality, accuracy and timeliness of the data
- Establish and enforce data policies and standards to ensure a clear process whereby data are requested, reported, and monitored and ensure consistent business rules are documented and applied
- Resolve differing definitions of data so that performance measurement is simpler and operational areas can be more accountable for results
- Improve ability of Property Management and frontline staff to utilize data in their day-to-day work
- Increase ability to leverage analytics to make data-driven decisions across the agency from the developments to central office departments
- Improve visibility on the location, status, and life cycle of NYCHA assets such as boilers, elevators, roof fans, etc. which will strengthen the planning and preventive maintenance process
- Improve accuracy of the data captured and reported across multiple systems (Maximo, Siebel, Oracle) through the creation of an enterprise-wide data dictionary
- NYCHA envisions data governance as a long-term goal for the organization which will include the following phases:
 1. Issue a Request for Proposal (RFP) to develop the NYCHA Data Governance Structure by June 2021 to assist NYCHA with developing a data governance framework and policies utilizing best practices, training data stewards, establish master data management approach and data dictionaries, assist in identifying technology tools to support the data governance framework and develop an implementation plan.
 2. Evaluate submissions, select a vendor, complete onboarding of vendor by November 2021
 3. Develop the data governance framework by September 2022
 4. Launch the Data Governance Organization in December 2022

2. Strategy I.2: Invest in new technology

NYCHA employees rely on technology every day to do their jobs. They process work orders in Maximo, enter purchase orders in Oracle, document resident complaints in Siebel, and use countless other tools and systems. But, while these technologies are critical to our ability to serve residents, they also preserve the status quo and inhibit change.

In order to improve our service to residents, rebuild NYCHA's image, and become a leader in property management, we must invest in cutting edge technology that provides visibility into the conditions within our buildings and systems. For example, NYCHA has already begun installing a new state-of-the-art Building Management System (BMS) to provide real-time feedback on assets, such as heating equipment failures, utility usage, and indoor temperature sensor readings.

In addition to this and other smart building technologies, NYCHA will invest in an Enterprise Geographic Information System (GIS) that is integrated throughout the agency. The Enterprise GIS will be a unifying tool where multiple users across departments can share and analyze spatial data. The true innovation behind the Enterprise GIS will be a 3D, geo-located "digital twin" of NYCHA's properties with which asset management staff can visualize real-time Maximo work orders along with other building performance and condition data.

The Enterprise GIS will foster digital collaboration between Operations and Capital, breaking down silos and enabling comprehensive asset planning by aggregating critical data into a single location: asset age, useful life, and warranties; condition data from the Physical Needs Assessment (PNA); and performance data from the Building Management System. With the data integration in place, asset management teams can use work orders and other data as a proxy for asset performance, which, when analyzed spatially, can inform the distribution of resources, the capital selection process, and the all-around building management. Additional detail on NYCHA's asset information goals can be found in Chapter 8.

Furthermore, NYCHA is making a technological transformation with the adoption of Building Information Modeling (BIM), a process used by architecture, engineering, and construction (AEC) professionals to plan, design, and construct buildings more efficiently. BIM integrates detailed information about assets and produces 3D representations that are compatible with GIS, making it so that designers in Capital Projects are working off the same information as Operations maintenance staff. The result of this integration is line-of-site from planning to design to construction to maintenance. Or, to put it another way, data-informed decision-making at every step in a building's lifecycle.

3. Strategy I.3: Develop New Organization KPIs

One of the Transformation Plan goals is to strengthen data driven decision making with well-defined, consistent, and meaningful key performance indicators (KPIs). Part of this effort is to identify the KPIs which will be used to measure progress on the goals set forth in the

Transformation Plan itself as well as the performance of property management and Support / Central Office departments including Human Resources, Procurement, Capital Projects, and Finance. NYCHA has engaged Guidehouse to work closely with NYCHA's Strategy and Innovation, Performance Management and Analytics, and other departments to bring this project to fruition by the end of 2021.

The project consists of several components which include the review of the existing dashboards, meetings with various business units to obtain feedback on the KPIs, and the compilation of data sources for potential new indicators. The proposed KPIs will then be reviewed by NYCHA leadership, HUD/ SDNY, and the Monitor for their review and approval. The final sequence of activities for this project includes the technical aspect of gathering the requirements and developing the dashboards. An important aspect is the creation of training materials to ensure that NYCHA staff fully understand the data reported and utilize the information to monitor and improve performance at every level of the organization. NYCHA will track the usage of the dashboards and solicit feedback for future enhancements.

NYCHA will also leverage the existing HUD Dashboard Agreement meetings which have been successful in bringing together HUD, the Monitor, NYCHA staff from the Pillar areas, and other key departments to build the reports and visualizations for elevators, heating, mold, pests, and annual inspections. These meetings will continue through 2021 as "Dashboard Check-in meetings" which will cover various topics such as the data trends, data quality, dashboard functionality, etc. by topic area. These meetings will serve as another opportunity to reinforce the consistent review of data to achieve the desired outcomes. All new KPIs developed as part of these Transformation efforts will be presented to the CEO and COO for review and approval prior to implementation.

4. Strategy I.4: Empower NYCHA-Stat to drive operational decisions

NYCHA originally implemented the Authority Productivity Tracking System (APTS) in 2001 as a tool to hold managers accountable and provide NYCHA executives with the ability to analyze data and achieve a more effective and efficient service delivery. The process went through various iterations leading to the current NYCHA Statistics, Trends, and Tracking (STAT) meetings. The meetings have been held sporadically over the past years. As part of the Transformation Plan, NYCHA intends to prioritize regular and consistent performance management at all levels of the Authority.

The monthly NYCHA STAT meetings will bring together the Executive staff to do a fully transparent review of performance at the NYCHA-wide, borough, neighborhood and development level. During the first half of these meetings, Property Management team members from Vice-Presidents and Neighborhood Administrators to Property Managers and Property Maintenance Supervisors will be expected to explain trends on key performance metrics such as rent collection, rent delinquency, annual recertifications, maintenance and skilled trades work orders, vendor work orders, apartment prep time and turnaround time for

re-occupancy, etc. Senior level representatives of support departments such as Budget, Human Resources, and Law, will attend the meetings and can provide useful insights on challenging or problematic issues. The process emphasizes accountability but also highlights areas where staff need assistance or more training. All items that require follow-up or corrective action are tracked, escalated if necessary, and addressed in a timely manner.

In addition to the performance review for Property Management departments, the NYCHA STAT process will also include the review of key Operations departments such as Heating Management Services, Elevators, Healthy Homes (Lead Hazard Control and the Office of Mold Assessment and Remediation) and Waste Management and Pest Control. Key performance metrics for Central Office departments including Capital Projects and Procurement/Materials Management will also be reviewed.

As stated earlier in this Plan, the Compliance and EH&S Departments play a critical role in driving improvement at every level – across the entire agency, at individual properties, and within individual devices or systems. EH&S and Compliance report out on systemic, portfolio-wide challenges preventing NYCHA from complying with the HUD Agreement or other laws and regulations. The Compliance Department and EH&S also work in partnership with the Quality Assurance Department to conduct on-site monitoring projects at developments based off analysis from risk assessments. Staff from Compliance, QA, and EH&S (collectively, the “On-Site Monitoring Team”) conduct investigations into general property management and operational areas investigates topics covered by the HUD Agreement and other high-risk areas.

In order to provide a holistic, integrated view of NYCHA’s performance, the second half of every NYCHA Stat meeting will include a joint presentation from the Compliance, EH&S and QA staff of the results of their monitoring reviews of the main topics presented at each meeting with a focus on the pillar areas of the HUD Agreement (mold, pests, lead, elevators, and heat). Please see the proposed NYCHA Stat meeting and topics below.

NYCHA Transformation Plan

2021 NYCHA STAT MEETING SCHEDULE AND TOPICS			
Month	Topic 1	Area / Department	Topic 2
January	Work Orders Trends	Property Management / Support Services (ESD), MRST, Technical Services	Compliance / Environmental Health and Safety (EH&S) / Quality Assurance (QA)
February	Capital Projects Portfolio (Heat Projects - Boilers/BMS)	Capital Projects	
March	Heat Performance	Heating Services (HSMD)	
April	Apartment Prep Time and Turnaround Time / Vendor Work Orders Trends	Property Management / Management and Planning	
May	Mold Work Order Trends	Office of Mold Assessment and Remediation (OMAR)	
June	Elevator Performance / Capital Projects (Elevators & REMS)	Elevator Services (ERSD) / Capital Projects	
July	PIC Reporting Rate and Recertifications; Rent Collection; Rent Delinquency	Public & Leased Housing Operations / Property Management	
August	Procurement / Inventory Management	Supply Chain Management / Procurement	
September	Exterminator / Pest Work Orders Trends	Pest Control / Waste Management	
October	Apartment Inspections	Property Management	
November	Lead metrics	Lead Hazard Control	
December	PIC Reporting Rate and Recertifications; Rent Collection; Rent Delinquency	Public & Leased Housing Operations / Property Management	

The NYCHA Stat meetings will be coordinated and run by a new unit, the NYCHA Stat Unit (NSU) which will report to the Senior Vice-President of Performance Management and Analytics under the Office of Strategy and Innovation (OSI). The NSU unit will have a manager and two to three business analysts who will be responsible for meeting logistics, providing advance guidance and preparing the briefing materials, data and questions to staff, conducting in depth data review and analysis and ensuring fulfillment of all follow up items. The NSU staff will work closely with the Performance Tracking and Analytics Department to develop the NYCHA Stat reports and KPIs and ensure consistent indicator definitions and data governance.

While the larger NYCHA Stat meetings will take place on a monthly basis, the vision is to imbed NYCHA Stat principles in the day-to-day operations of the agency. From the Property Manager who checks in daily with the Housing Assistants on their annual reviews, to the Property Maintenance Supervisor who reviews the work orders for the day, to the Procurement staff who monitors the inventory of supplies, all department leads will be expected to review their metrics with staff at least once a week to identify areas that need attention and where early intervention can greatly improve the outcomes. NYCHA Stat will instill the discipline and focus needed to deliver best in class services to our residents.

J. Law Department

The Executive Vice-President for Legal Affairs and General Counsel and the attorneys of the Law Department provide legal counsel and representation to NYCHA. The Law Department is divided into the following practice groups: Strategic Initiatives and Special Policies; Appeals; Corporate Affairs; Real Estate and Economic Development; Commercial Litigation; General Litigation; Civil Litigation; Employee Discipline; Housing Litigation; and Torts.

As part of this Transformation Plan, the Law Department is working with Community Engagement and Partnerships, Strategy & Innovation and the Management Services Department to review how NYCHA can improve its enforcement of the terms of the resident lease and has worked with the Supply Management Department on a new Procurement Policy Manual, which was approved by the Board in December 2020.

During many of our engagements, staff and residents raised a consistent theme – NYCHA needs to do a better job enforcing its rules to improve the quality of life of residents at our properties.

1. Strategy J.1: Re-Assessment of Lease Enforcement Process

Currently, NYCHA requires that Housing Assistants and Property Managers initiate termination of tenancy proceedings against residents for non-payment of rent and other violations of the lease. NYCHA's Law Department and Public Housing Tenancy Administration have little visibility into which cases are brought and why, which can lead to inconsistency across developments. In addition, compiling files and showing up in court, both of which require a high degree of familiarity with the legal process, are responsibilities often imposed on Housing Assistants and Property Managers who then are forced to decide between a focus on their other tasks at the properties or a focus on enforcing the lease.

NYCHA has learned a lot from what worked and what did not work during its Housing Court Unit pilot. The eviction moratorium implemented during the COVID-19 pandemic has also created an opportunity for NYCHA to re-imagine how it will prioritize lease enforcement going forward. Changes in income caused by the COVID-19 pandemic has had devastating effects on communities around the world, including on NYCHA residents. As a result, the COVID-19 pandemic has had an impact on rent collection and led to a backlog of residents in arrears.

During this time, the Law Department, Public Housing Tenancy Administration and Operations are conducting an assessment to design a new business process for lease enforcement actions. NYCHA is taking a fresh look at how and when we address delinquent rent by using a data-driven approach and revising policies to create collaborative solutions with our tenants in mind. The goal of this new approach is to successfully address rent arrears without judicial intervention where possible.

NYCHA will develop data metrics and systems so staff can look at a household's history relative to the facts of a case in order to decide what the most appropriate intervention might be to enforce the lease. This data-driven approach will help ensure consistency across the developments on how rules are enforced.

With adequate data, NYCHA can require more uniform decision-making while ensuring that we better focus our efforts in court on cases involving "non-desirability" and consistent non-payment. This includes analyzing the process around bringing termination charges based on criminal activities. Based on the circumstances of each case, other interventions, including rapid repairs, HRA grants, payment plans, rent adjustment (based on interim recertifications or

rent grievances), applicable retroactive rent credits or social services may be a more appropriate intervention to ensure the rules of the lease are enforced. NYCHA's Law Department and Public Housing Tenant Administration will also work with residents via the Resident Roundtable to make sure their lease enforcement related priorities are reflected in this new approach. In sum, these interventions can and should take place before we get to court.

Chapter 8. **Asset Information Management**

One of NYCHA's core responsibilities is to ensure that its "assets"—the land, buildings, and their many components—are performing as they should: the roof, façade, and windows must provide protection from the outside elements; the heating system must provide adequate heating during the winter months; the elevators must safely transport residents to and from their floors. When we talk about Asset Management, a term often used differently in real estate and property management, we're describing the process of maintaining a property, which can involve day-to-day preventative maintenance, small-scale repairs, and large-scale replacement and rehabilitation.

In order to make decisions about how to manage our assets, we need data on the building's condition and performance so that we can properly allocate resources where the need is greatest. At NYCHA, that data comes from different sources. The 2017 Physical Needs Assessment contains condition ratings for certain assets along with capital needs cost estimates. Maximo contains work orders along with warranties and descriptive manufacturer's information on large pieces of equipment. The Building Management System (BMS) collects temperature readings from apartment temperature sensors, in addition to data from monitors throughout the building. Siebel contains useful demographic data, which can, for example, enable our maintenance teams to identify vulnerable populations in service delivery.

Taken together, these data give NYCHA visibility into how assets are performing and where they are in their lifecycle. Unfortunately, NYCHA does not have a good system to view this data together, nor does it have a way to analyze work orders—our most useful operations data for understanding the problems occurring within apartments—to diagnose underlying failures in building assets, systems, and infrastructure. Lacking a single source for all asset data, NYCHA staff struggle with data integrity issues, siloed operations, and frayed inter-departmental communication. One of the more notable communication gaps that NYCHA has had trouble closing is the one between Operations and Capital Projects. While Capital Projects does use condition ratings from Operations when evaluating where to allocate funds for Elevators and Boilers, there is an opportunity to incorporate a more robust set of performance data from systems such as Maximo, Siebel, or NYCHA's BMS. Collectively, the information NYCHA collects on its assets can provide visibility into the performance of our buildings, enabling better data-driven decision making and smarter investing of our limited capital and operating funds.

Furthermore, within Operations, a system to analyze work orders alongside other data also presents an opportunity to provide more efficient service when making repairs, especially if we can view data geographically. We could, for example, see reduced travel times by assigning skilled trades to work orders in nearby buildings; or, with a more advanced spatial analysis of building conditions, diagnose underlying building failures affecting multiple households. A broken pipe, for example, causing a leak in a top floor apartment might be diagnosed more quickly, preventing further damage to the apartments below.

A. Asset Information Strategy

But these opportunities are just the tip of the iceberg. The benefits of being able to evaluate asset performance go beyond what we know now, which is why NYCHA will develop an Asset Information Strategy (AIS) and a design for an Asset Information Management System (AIMS) in order to achieve the following goals:

- **A single source of truth for asset information**, aggregating data on asset age, useful life, warranties, and manufacturers info; condition ratings from the Physical Needs Assessment and Operations; and performance indicators from work orders, Building Management Systems, or other sources.
- **Digital collaboration between Operations and Capital**, by enabling building condition analyses of work order and other data as part of the capital selection process, while also aligning with Capital's transition from designing projects in CAD to using Building Information Modeling (BIM).
- **Leveraging geography to our advantage**, in order to realize efficiency in our work order scheduling, locate supplies strategically within Neighborhoods, and diagnose underlying building failures.

1. Strategy A.1: Develop an Asset Information Strategy (AIS)

NYCHA will develop an AIS that outlines the underlying stakeholders, processes, and data that will support a technical solution. At a high level the AIS will outline the policies, organizational objectives, and scope of NYCHA's asset management system. As part of the development of the AIS, NYCHA will also develop an asset inventory, identify business requirements for the system, and a strategic roadmap for continuous improvement.

- **Asset inventory**, with data on classification, hierarchy, criticality; cost and manufacturers data; condition and performance; historical and planned maintenance; and location.
- **Business requirements**, including information usage and management; asset lifecycle documentation; condition and performance benchmarks; capital investment decision-making; geographic work order routing; and internal/External reporting

- **Strategic roadmap** and overview of the stakeholders; timeline and milestones; maintenance testing, user support, and system changes; and change management (project management, communications, risk assessment, training).

2. Strategy A.2: Invest in an Asset Information Management System

Asset Information Management Systems (AIMS) can take many forms and there is a bevy of software options and companies that specialize in designing customized solutions. While NYCHA technically has an asset management software in its work order management system, Maximo, it lacks a key ingredient: the ability to visualize our buildings in a 3-dimensional digital environment. As part of the AIMS, NYCHA will pursue the development of an Enterprise Geographic Information System (GIS) through which asset data will be made accessible to teams in Capital Projects, Operations, and other departments who are responsible for the management of our physical assets. The Enterprise GIS will consist of a 3D, geo-located “digital twin” of NYCHA’s properties, used to display data from multiple sources for a more comprehensive view of our assets and their performance.

NYCHA will consider different technical solutions depending on the asset inventory and business requirements outlined in the AIS, but spatial analysis will be a major driver in the design process. The system will also align with Capital Projects’ transition to Building Information Modeling (BIM), a process used by architecture, engineering, and construction (AEC) professionals to plan, design, and construct buildings more efficiently.

Chapter 9. Portfolio Planning

NYCHA’s housing portfolio has a capital need of \$40 Billion dollars and no existing path to raise that amount of money. While the original public housing finance model was designed to be self-sufficient, with enough rental revenue to fund capital repairs on regular cycles, it has proven to be anything but. Capital subsidies have not kept pace with the need, and many developments have missed two—if not three—recapitalization cycles. These capital needs have a significant impact on residents’ quality of life and create a vicious cycle for Maintenance staff, who must fix the same problems repeatedly, while knowing the real, required fix is not coming. This moment is an opportunity to pursue recapitalization of the entire portfolio, and position NYCHA as a stable, sustainable resource in the City it has served since 1935.

A. Capital Projects

The Capital Projects Division (CPD) is responsible for the planning and implementation of all capital construction projects undertaken at NYCHA, including the Super Storm Sandy Recovery and Resilience program. At CPD, limited resources are allocated strategically to ensure the preservation of NYCHA’s housing stock for the next generation.

Capital investments are generally long-term projects that improve or enhance the operating conditions of the properties for generations to come. A ten-year outlook and five-year planning

cycles obligated CPD to look forward and drive decisions with data, proof of concepts and expertise, thus positioning it to lead the agency on its energy and sustainability portfolio, climate adaptation, innovative design standards and building technologies, among other fronts. CPD coordinates many functions in order to meet NYCHA's overall mission, with expertise in code compliance, design, energy and building science. In addition, CPD has aligned itself functionally to anticipate the changing needs of NYCHA's capital program, breaking down silos that have existed in the past.

Categories of capital work that are managed by CPD are currently grouped into four general areas: (1) building envelope projects including exteriors like roofs, masonry, and windows; (2) building systems such as heating, elevators, plumbing, gas riser, underground steam and water distribution lines, waste compactors; (3) apartment and building interior renovations, and (4) grounds and other exterior site security and site improvements. CPD also executes on energy performance contracts.

NYCHA's Five Year Capital Plan (2020-2024) totals approximately \$4.5 billion, which is allocated to capital improvement projects for infrastructure improvements, major modernization, other systemic upgrades, repair, resiliency, and fortification of developments damaged or impacted by Superstorm Sandy. The Plan's funding assumptions are based on CPD's percentage of the current federal capital funding outlook, capital funding from local elected officials and the City of New York and expected disaster recovery in the wake of Superstorm Sandy.

Overall, of the \$4.5 billion dollars, 26% (\$1.2 billion) is from Annual Federal Capital Grants³⁷, 61% (\$2.77 billion) is from the City of New York, 10% (\$450 million) comes from the State of New York, and 8% (\$539,084,000) comes from other sources (Community Development Block Grant, Disaster Recovery, and Other.)³⁸ Eighty-six percent (\$3.9 billion) of the funds are allocated to address items directly tied to the HUD Agreement, including deteriorated heating, elevators, waste management, facades and roofs. Currently under review, Action Plans for the capital funds tied to the HUD Agreement provide a scope of work and milestones for each program area. The remaining 14 percent (\$600 million) are allocated towards quality-of-life projects³⁹, energy, safety and security, and other compliance areas such as Section 504 accessibility projects.

Every five to six years, NYCHA conducts a Physical Needs Assessment ("PNA") to identify the capital expenditures needed to bring NYCHA's housing developments to a state of good repair.

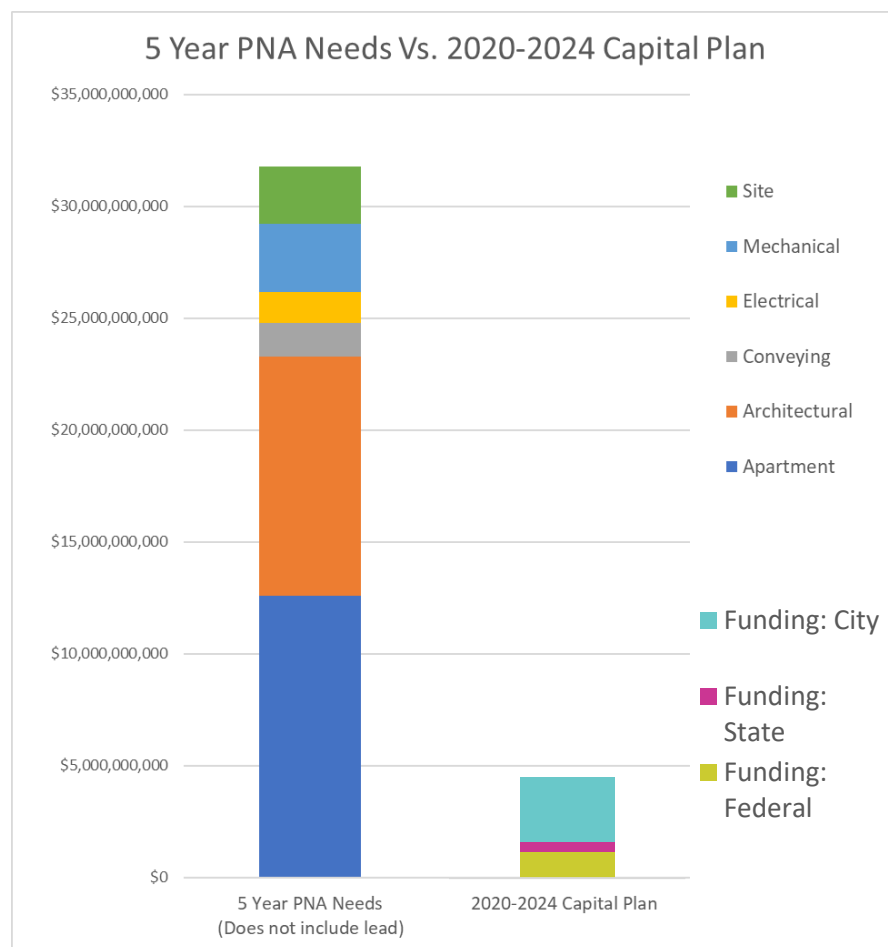
³⁷ In FY 2020 and 2021, CPD's percentage of the annual federal capital grant was reduced in order to fund operating transfers.

³⁸ Capital Plan information per Adopted Budget for FY 2020 and The Four-Year Financial Plan FY 2021 – 2024. March 2020.

³⁹ It is important to note that these quality of life projects are funded with discretionary grants from elected officials and are received by CPD with a pre-defined scope and location. These include community center renovations, playgrounds, basketball courts, etc.

NYCHA Transformation Plan

The most recent PNA, in 2017, found a five-year capital need of \$31.8 billion. Because NYCHA lacks sufficient funds to meet these needs, NYCHA is forced to defer maintenance and repair work and so the costs for these physical needs escalate each year. As shown in the table below⁴⁰, the \$4.5 billion over the course of the next five-years still falls short in meeting the physical needs across the portfolio:

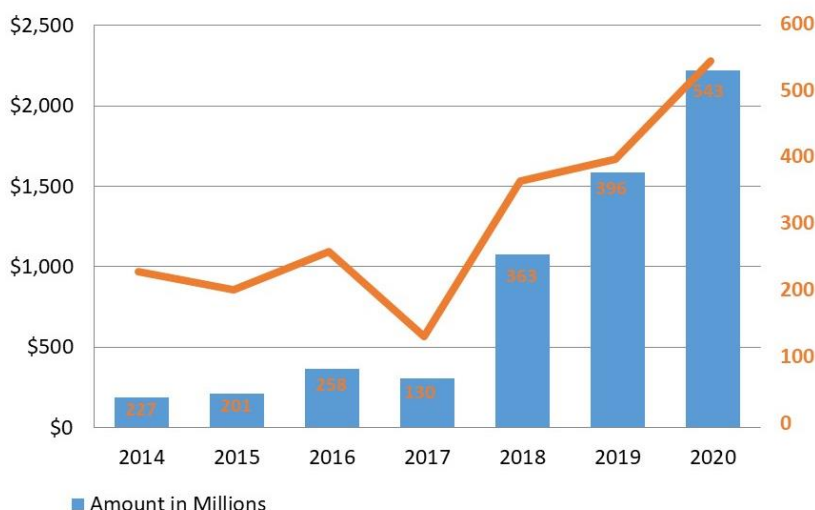


NYCHA uses several project delivery methods and is working with its legislative partners to expand its options, in order to match the best delivery strategy for the capital improvement. CPD uses Design-Bid-Build, Design-Build, Indefinite Delivery/Indefinite Quantity (IDIQ), Job Order Contracts (JOCs), and Energy Performance Contracts (EPC) to deliver these critical investments pipelines. As of December 2020, NYCHA anticipates awarding \$488 million in Design-Build contracts, including high-efficiency heating plant replacements, a pneumatics waste collection system, and other waste management projects across the city. Design-Build contracts, in which NYCHA uses one firm for design and construction, offers the potential to streamline the capital delivery process, potentially eliminating delays and cost overages. With the lessons learned from the initial Design-Build projects, CPD anticipates extending its use of

⁴⁰ The PNA also does not include all of NYCHA's capital needs across the portfolio, such as capital needs for lead abatement.

the delivery method for other projects in the 2020-2024 Capital Plan. Additionally, CPD is working with HUD on new opportunities and waivers to expand the EPC program, which brings additional financing to NYCHA for energy conservation measures by using the cost savings from reduced energy consumption to repay the cost of installing efficient systems. Currently there are \$310 million EPC financed projects, surpassing NYCHA's goal of securing \$300 million by 2025.

Funding and Number of Projects by Year



Due to increases in Federal (including FEMA funds for the Super Storm Sandy Recovery and Resilience program) and City capital funding, the number of projects in CPD have grown substantially over the past four years (see chart).

More importantly, CPD is delivering on these funds. CPD's annual expenditures nearly increased 150% from \$568 million in 2017 to approximately \$850 million in 2020. Despite the health pandemic and subsequent construction slowdown in 2020, CPD's spending ranged from \$70 million to \$85 million per month.⁴¹ With the recent approval of the State and City Agreement Action Plans and amendments, allocations from both the City and State will be released beginning in 2021. Therefore, CPD's expenditures are expected to increase further in the next two to five years.

To deliver on this critical pipeline of capital projects, below are several of the strategies being evaluated and implemented by CPD.

1. Strategy A.1: Conduct Ongoing Internal Reorganization and Capacity Building

In recent years, CPD integrated third-party program management firms into its project management functions. In instances where funding resources are unlikely to recur (e.g. FEMA funds related to Super Storm Sandy Recovery and Resilience projects, or a major one-time influx of capital funds from the State or City related to the HUD Agreement), CPD found it more

⁴¹ It is important to note that annual capital expenditures are not easily reconciled to funding received in a given fiscal year. HUD allows PHAs to obligate 90 percent of capital fund grants in 24 months and expend in 48 months. Furthermore, unused City capital funds, which run on a different fiscal calendar, roll over into subsequent years.

effective to bring on a program manager to carry out the oversight and management of these projects rather than create new internal staff positions that could not be sustained in the long term. Program Managers utilized by CPD provide a full range of project management services for the entire life cycle of a capital project from planning to closeout. This has an ancillary impact of supporting other NYCHA departments such Law, Procurement, Finance, and Community Engagement and Partnerships. Furthermore, the Program Managers provide expert technical advice on a variety of topics, including Design-Build project delivery methods which is relatively new to public entities in New York City. While the Recovery and Resilience program manager is a dedicated department under CPD, other program managers fit under the overall Project Management department in CPD. Most recently, CPD is working with Healthy Homes to procure an additional Program Management firm to oversee the lead abatement program as part of the City Action Plan. In many ways, these Program Managers become indistinguishable from other NYCHA Project Management staff.

In another effort to maximize effectiveness, CPD recently completed a strategic organizational realignment to increase accountability of managers and staff and to align with industry standards. Ongoing improvement efforts include increased availability and use of technology, standardizing forms and simplifying internal processes, and pursuing different project delivery options. The thread of a capital project runs through each CPD department and is driven to the finish line by a collective effort. These critical functions are:

- Capital Planning – Using data driven decision-making, CPD, in partnership with other NYCHA Divisions and Departments, develops NYCHA’s 5-Year Capital Plan. The department comprises four (4) units: Financial Planning, which oversees the development of the 5-Year Capital Plan and ensures NYCHA obligates funds in a timely manner; Cost Estimating, which estimates capital projects from planning inception through closeout; the Physical Needs Assessment (PNA) unit, which manages NYCHA’s comprehensive PNA process; and the Contract Administration unit, which monitors all Architectural/Engineering and Construction Management contracts and task orders.
- Design – Using consultants and in-house professionals, the Design Department provides architectural and engineering services to support CPD and NYCHA, balancing planned work, urgent needs and emergencies. The department comprises three (3) units: Architecture, Engineering, and Code/Standards. The award-winning Connected Communities initiative resides in the Design Department.
- Energy & Sustainability – Stewards of the NYCHA Sustainability Agenda, the department is charged with planning and implementing energy and water efficiency retrofits, capital improvements to NYCHA campuses that improve long-term sustainability, piloting programs to test new technology and approaches, and providing technical assistance to CPD and others at NYCHA. Sustainable buildings are healthy buildings, and the department will be expanding to assist NYCHA on capital, mold and lead projects. The

department also manages NYCHA's Energy Performance Contracts (EPCs), the new Building Management Systems (BMS), the comprehensive waste management plan, Community Shared Solar on NYCHA roofs and parking lots, among others.

- Project Management – Three project management teams and two contracted Program Managers provide comprehensive oversight of capital projects from inception to closeout and commissioning, ensuring projects are delivered safely, on time, within budget, and with the quality dictated by the contract documents. A centralized operations unit manages and assigns staff for construction inspection to support the project management staff. The lifecycle of a capital project consists of planning, design, procurement, construction, and closeout phases managed by a project manager. The staffing of a project depends on several factors, including size and complexity, the phase of the project, and if the project is being managed by a Construction Management as Agent (CMA) firm. During the Planning, Design and Procurement Phases, a single Project Manager oversees the project with the assistance of the Assistant Project Manager. Once the project moves to Construction, a Field Inspector is added to the project team and oversees the day-to-day activities at a project site. When the Project is managed by a CMA, the field inspector does periodic reviews of the site. Additionally, experience level and sophistication may affect staffing – smaller projects such as a single playground may be assigned to an Assistant Project Manager as a lead with support from a Project Manager. Executive Project Managers regularly monitor projects and staff up and down as needed.
- Recovery and Resilience – The department oversees roughly \$3.2 billion of funding dedicated to Superstorm Sandy recovery and the installation of resilience measures at buildings severely damaged by the storm. The program covers over 220 buildings and associated systems at 33 campuses across four boroughs. The Resilience department also oversees several pilot programs and NYCHA's forthcoming Climate Adaptation Plan focusing on resilient design strategies.
- Support Services – Committed to a culture of service excellence, the Support Services department is collectively responsible for assisting CPD staff in fulfilling its mission through the provision of administrative services, including human resources management, logistical management and processing contractor payments, analysis and reporting, construction safety & quality, quality assurance, internal compliance, and training.

Additionally, in an effort to maximize efficiency of contract development and procurement of services at NYCHA developments, the Contract Scope Development department within Operations will be absorbed into CPD. Under the existing model, hundreds of contracts are used to procure trades separately, creating a lack of coordination and transparency, as well an administrative burden which cannot meet the needs of property development staff. Beginning

in 2021, several contract development staff will be absorbed into CPD's existing functions including estimating, architectural and engineering services, and project management; others will support NYCHA's Procurement and Law departments. Utilizing borough based IDIQ contracts, which allow multiple trades for a project to be tackled under one procurement, ensuring all facets of a project are completed together. Furthermore, transparency on the pricing of proposed work within the IDIQ contracts will assist with funding requests from the developments. The restructuring of the department under CPD will maximize efficient procurement vehicles and ensure residents are not left waiting on incomplete work.

2. Strategy A.2: Implement Data-Driven and Strategic Capital Planning

Leveraging information captured through the PNA process as well as operational data, CPD applies a logical building sequence when planning work to protect and sustain investments made within developments. This sequence starts with sealing the building envelope --roofs and masonry work-- then turning to building systems, interior renovations and grounds.

Building off this approach, developments scheduled to receive recent elevator and heating plant replacements were identified based on the following process:

- PNA condition rating based on remaining useful life and deficiencies noted in the 2017 PNA inspection.
- PNA ratings are assigned on a five-point scale from Good to Poor. Condition ratings are defined as follows:
 1. Good: The component is new or almost new; performs its function; needs no repair and there are no deficiencies.
 2. Between Good and Fair: The component is performing its function; shows some signs of use and wear; may require routine maintenance.
 3. Fair: The component is at the mid-point of its useful life; performs its function; needs minor repairs or maintenance to continue function.
 4. Between Fair and Poor: The component is about three-quarters into its useful life; performs its function with some failures or inefficiencies; is at risk of near-term failure and needs major repairs to continue function.
 5. Poor: The component is at or near the end of its useful life; failed or about to fail its function; has major deficiencies and in need of replacement.
- Operations condition rating based on performance (number of outages), work order tickets and availability of parts - this information is provided by the Director and/or Deputy Director of the Heating and Elevator Departments within NYCHA's Operations division on an annual basis. Operations ratings are provided electronically via excel worksheets to CPD during the 2nd or 3rd quarter of every year to inform the annual capital planning allocation process. CPD's work is focused on capital investments, as understood by HUD, and all work is specifically allocated, either within the Five-Year

Capital Plan or by the funding partner. While NYCHA may be asked to provide some limited recommendation, typically City and State funding arrives with a pre-defined scope within the approved Five-Year Capital Plan. When an urgent capital request arises from Operations, it must first be approved at the executive level, have funding identified (which necessarily defers other upcoming projects in the Plan), followed by a formal revision to the Five-Year Capital Plan. Any revisions to the Plan must be approved by HUD via the Significant Amendment Process which is ratified by the Board. In order to minimize unforeseen urgent requests, CPD and Operations staff contribute to monthly recurring and ad-hoc meetings, working groups, and regular communication.⁴² To ensure regular coordination on current issues and resolve challenges, CPD and Operations executives meet bi-weekly.

- Consideration of economies of scale to maximize investment. Furthermore, as NYCHA buildings are typically part of a development with multiple buildings in a campus setting, the agency has determined that it is more cost effective to replace entire heating plant systems and elevator systems of all the buildings in the development, rather than individual replacements of boilers or elevators. Costs associated with contractor mobilization are reduced if a contractor works on multiple boilers or elevators at one development upon deploying resources to a site.

Projected costs for capital projects are determined based on the following data sources: PNA estimated cost for replacement, RS Means costing data for New York City projects and NYCHA's recently awarded construction contracts for similar projects. Also, NYCHA applies an escalation factor to capital project allocations.

In addition to the PNA, NYCHA is investing in additional tools, Enterprise Geographic Information Systems (GIS) and Building Information Modeling (BIM) technology, to support its capital planning processes and encourage comprehensive asset management. The tools will foster digital collaboration between Operations and Capital, further breaking down silos, and addressing drawbacks of a traditional method of performing a PNA. NYCHA's current PNA, while based on very detailed supporting information, lacks an account of ongoing deterioration or intermediate repairs and is limited in its whole-building view to rehabilitation. Along with historical PNA data as a baseline and regularly updated building operations data, leveraging BIM and Enterprise GIS will provide an ongoing, almost real time, assessment of NYCHA's physical needs. A "living" digital model of each building will reflect the repairs and enhancements made to the buildings over time, ensuring that both CPD and Operations staff are working off of the same view. Automatic updates of the PNA to reflect the improved conditions of building elements as work is completed will be possible. NYCHA will also have the

⁴² Separately, CPD staff may assist Operations with emergency repair work such as steam leaks, fire-damaged apartments, etc., as needed but it is critical to note capital funding cannot be spent on non-capitally eligible items or items not in the Five Year Plan without revisions to that Plan and approval from HUD. Repair work undertaken by CPD in support of Operation is funded by dedicated operating funds for emergencies.

flexibility to use the results in a whole-building system manner allowing for the inclusion and leveraging of modern technologies into the buildings.

In addition to capital planning, there are a number of ways that the BIM and Enterprise GIS tools will dramatically improve the delivery of NYCHA's capital projects from its initial design stages. Due to the scale of NYCHA's portfolios, design start involves thousands of scanned and digital drawings saved across two different systems. The current technique exposes vulnerabilities to discrepancies and inconsistencies that impact the cost, quality, and accuracy of capital projects. Using Enterprise GIS and BIM will address this by owning the single file per discipline that will be connected into the "living" digital model. Ultimately, the tools will dramatically improve the cost, quality, and accuracy of capital projects. It will decrease the time it takes to gather data & drawings, conceptualize design ideas, and then draw new plans. In addition, these benefits will also lead to the betterment of the creation of construction documents, bidding, as well as construction administration.

3. Strategy A.3: Continue Adoption of a Comprehensive Program Management Information Software System

In 2019, CPD procured e-Builder, a high-transparency, cloud-based, program management information system software. The user-friendly software is also a data management platform which allows staff to have full access to documents and project information onsite using their laptops, tablets or smart phones, while enabling accountability through the transparent assignment of tasks. E-Builder was procured to replace the previous project management software, which would no longer be supported internally or by the software creator.

Since the launch of e-Builder, CPD has outlined workflows for nearly every step in NYCHA's capital process, from project charter and initiation to closeout, and in some cases commissioning. There are now more than 700 active projects in e-Builder, from planning/project charter through design, procurement, construction, closeout and commissioning. Projects were migrated from the old system over a period of nine months, requiring close collaboration with stakeholders in and outside of CPD. Furthermore, in order to accurately track projects and reflect the appropriate funding to a development, all contracts, including requirement contracts or single contracts with many task orders (up to the thousands), were separated by task order and assigned as individual projects with specific funding numbers. This necessitated the creation of thousands of new Oracle funding numbers and thousands of new project files. As such, the system's architecture provides direction and transparency; it has also eliminated hundreds of forms once passed from department to department within CPD. Outside of CPD, NYCHA's IT Division is currently reviewing how to best link the work order system in Maximo to CPD software programs, including e-Builder. This is part of a larger effort to link CPD systems and operational data, including the PNA databases.

CPD's adoption of the cloud-based e-Builder proved to be an enormous asset when the COVID-19 health pandemic hit, as staff were able to flag the projects impacted whether by funding or

due to conformance with CDC guidelines. Importantly, staff pivoted immediately to a remote working environment utilizing this cloud-based software which allowed them to continue to work without interruption. CPD's certified payroll items during the height of the pandemic in NYC remained at pre-pandemic levels, averaging seventy-five million dollars per month, despite the change in how business was conducted. Much of this could be credited to the e-Builder's seamless transaction approval processes, which included electronic submissions from vendors. Importantly, most capital projects remained on schedule while maintaining safety and quality assurance.

CPD has also piloted using e-Builder for more detailed asset management tracking with its New York State funded Grant Disbursement Agreement (GDA) projects, an allocation of \$450 million to replace heating plants and elevators at thirty-five (35) NYCHA developments.

Additionally, both Operations and Real Estate Development departments have been in discussion with CPD to adopt e-Builder for their project management needs, potentially transforming it to an enterprise-wide project management tool.

4. Strategy A.4: Request Utility Waiver from HUD to Capture Savings

NYCHA is working on a proposal to HUD that requests a series of changes to capture all the savings from utility costs no matter how these savings are achieved. NYCHA is grateful for the supportive relationship our colleagues at HUD have afforded us through the years in advancing Energy Performance Contracts (EPCs). To date, NYCHA went from a single, self-developed \$18M EPC in 2013 to financing \$310M in projects in 2020, exceeding our 2016 Sustainability Agenda goals. NYCHA energy projects have evolved over the years from simple lighting retrofits to leveraged projects using savings to finance steam plants, decouple domestic hot water, and install building management systems that can monitor operating conditions in tank rooms and comfort conditions in apartments. As NYCHA brings a wide array of mixed financing sources together, we will need access to the full financial benefit of our conservation initiatives. The established EPC and utility rate reduction frameworks restrict and limit what can accrue to NYCHA.

NYCHA plans to request the following changes and is preparing the analytical support to accompany the request and make a final submission:

1. Accept Rate Reduction Benefit from All Utilities

Allow NYCHA to retain the full financial benefit from our rate reduction actions with New York Power Authority, DEP, and our gas utility companies.

2. Waive Three Year Water Baselines

Allow NYCHA to establish baselines with less than 3 years of data. NYCHA will have 1-2 years of volumetric data and in some cases partial year data that may be used to establish baselines for

financing retrofits. The water-financed work would be performed with electric and gas measures happening simultaneously.

3. Permit Use of All Available Funding Sources to Generate Utility Savings, Including Frozen Base.

Permit NYCHA to retain the full financial benefit of utility and waste reduction projects from equipment replaced using all available sources including but not limited to Capital and Operating funds; allowing NYCHA to freeze its rolling base consumption level and making any required adjustments for missing, incomplete, or incorrect utility data; equivalent consumption adjustments for anticipated fuel changes such as natural gas to electric or natural gas to purchased steam; weather related, occupancy, or Code compliance adjustments; and, similar considerations.

4. Remove Restrictions on EPC Incentives.

Ensure that all savings flowing through HUD utility incentives are available and received by NYCHA for project work. Savings provided from the HUD energy incentives (e.g., frozen base, additional subsidy) to NYCHA are frequently less than the full financial benefit from the savings achieved. Savings truncated by restrictions on incentives is often 10-15% of estimated savings and could finance more than \$45M in additional building system retrofits applied across 110,000 dwelling units.

5. Allow Structured Finance for Operations and Maintenance Reduced Costs.

Reduced costs from advanced technologies can reduce both operations and maintenance costs but have not been included in third party contracts or financing. NYCHA's proposed pneumatic waste loop pilot project, for example, is expected to reduce housekeeping staffing from 20+ to 2. NYCHA's exterior lighting projects to improve safety and security by installing LED lamp technology that has substantially longer lamp life, 70,000 hours compared to 24,000 hours for a typical high-pressure sodium lamp, which results in reduced labor and equipment requirements. These and other innovative approaches to resilient and sustainable technologies or public-private financing strategies could be funded from reduced operating and maintenance costs. For each \$10M reduction in NYCHA's personal services labor budget, NYCHA could finance \$120M.

5. Strategy A.5: Implement Other Capital Project Management Improvements

CPD is also in progress of implementing additional changes that provide an opportunity to improve current practices and strengthen CPD's delivery of services to NYCHA residents. These initiatives are meant to provide the structure and performance management reporting to identify weaknesses and ensure appropriate corrective action. In addition to standardizing procedures and increasing staff effectiveness, the initiatives will improve governance, decision-making and accountability.

Below is a summary of the initiatives, and CPD's progress implementing each initiative:

- 1. Develop an updated capital projects procedure manual.*

With CPD's transformation from a hybrid (paper and electronic) project management system to a digital platform across the board, an update to the capital projects procedure manual, reflecting all process stakeholders is underway and is expected to be released, along with a training program, in 2021. The new manual, which will outline the end-to-end capital project process, is being updated from the 2011 manual to reflect the incorporation of e-Builder and automation of project management processes, new compliance guidelines related to the HUD Agreement and other audit analyses, as well as to provide a more user-friendly, easy to reference guidebook. The formation of the manual has included written input from numerous stakeholders to ensure all aspects of the capital projects lifecycle is addressed and will be reviewed and approved internally. The new manual will detail all steps in each process, including the staff responsible for specific tasks, timeframes for completion, and documentation requirements. It is meant to be a living document, fully reviewed at least once annually, and updated, as necessary, on an ongoing basis. The manual will also serve as training guide for onboarding new staff, minimizing inconsistencies. The updated, comprehensive capital projects procedure manual has considered the numerous opportunities outlined in the Maturity and Capability report provided to NYCHA by KPMG in December 2019. It reflects the strategic principles of accountability, oversight, and ownership end to end, as recommended in the report.

- 2. Develop project strategy documents with relevant stakeholders.*

The creation of uniform project strategy documents is underway. Using e-Builder all new projects are initiated with a "Details"/ "project charter" page capturing industry standard elements for project initiation, identifying the project management team and the project stakeholders and establishing the project boundaries, budget, scope and deliverable. Staff training on the first phase of the e-Builder Project Charter is complete. With further refinements being considered for the Charter, subsequent training will follow. Projects Managers are held accountable for completing this document at project initiation and providing bi-weekly updates. The charter will allow internal and external staff to better understand at a glance the project timelines, costs, and statuses, as well as assist in performance reporting and monitoring of project activities. Through bi-weekly notes, the charter also establishes a baseline for schedule, scope, and costs. Other documents such as a Project Delivery Execution Plan, which includes detailed information on timelines, costs, and organizational structure, have been completed for select portfolios and CPD is analyzing the rollout of this document to the entire portfolio.

- 3. Expand the use of Key Performance Indicators.*

Working with the Performance Tracking and Analytics Department, CPD has identified and is monitoring Key Performance Indicators including but not limited to, whether projects are on or

off schedule, within budget, frequency and type of change orders, safety incidence rates, among others. These KPIs also assist in identifying trends and alerting issues through real time dashboards.

CPD is working to ensure the quality and consistency of data, as well as evaluating the portfolio and business requirements to identify additional measurements. Visualizations through dashboards in e-Builder provide 'at a glance' storyboards as well as mechanisms for drill downs to view supporting information. As dashboards become more available, staff will receive training on their utilization.

4. Form a dedicated scheduling team.

CPD is in the process of building out a dedicated scheduling team to create templates, outline the schedule change process, oversee schedule progress on capital projects, and provide scheduling assistance to Project Managers as needed. The scheduling team will be responsible for developing and monitoring schedule related KPIs, as well as identifying risks. Roles and responsibilities for the team have been defined and job descriptions have been posted. Hiring has commenced and training will be conducted once the schedulers are on board. A robust scheduling team will provide CPD Project Managers with the expertise and support to maintain and re-baseline project schedules.

5. Strengthen compliance and internal audit oversight on CPD.

The Quality Assurance Compliance and Training Department (QACT) is within CPD's Support Services Department. With regards to strengthening compliance and internal audit oversight on CPD, evaluation of internal roles, responsibilities, and procedures have begun. The QACT is working on clearly defined procedures to prevent overlap with existing functions of NYCHA's Internal Audit. The Internal Audit Department conducts full audits and reviews of all NYCHA Departments which can take a year to complete based on government auditing standards. Furthermore, their work does not focus solely on CPD. CPD's QACT will focus on "quick hit" reviews to assess compliance, efficiencies and trends within the division to assist management with workload planning and process improvements. QACT includes a Compliance Unit team that assesses operations, as well as change order review and design review teams. In order to increase the number of reviews and allow for the most efficient processes, QACT restructuring is underway. A Senior Compliance Manager is being hired to retrain and manage the audit/review staff. Responsibilities include but are not limited to developing complex and detailed technical, financial, administrative and procedural compliance protocols, ensuring collection and analysis of exception reports and determine corrective action, as necessary, and developing, managing, and maintaining a Quality Assurance database and tracking system, with a specific focus on developing a "Lessons Learned" template. Additional staffing needs are also under consideration.

6. Separate quality and safety inspection team.

Aligning with standard industry practices, CPD has completed the separation of the quality and safety inspection teams, identifying new roles, hiring staff, and modifying existing templates and policies to accommodate the new configuration. Training is ongoing. Separating the duties allows for quality assessments and safety assessments to be completed by specialized field inspectors and an increased level of detail and time during reviews.

7. Develop design team timekeeping.

The ability to track FTE-hours for design staff on each capital project will allow CPD to better understand staff workloads and will increase accountability and management of design budgets. After a thoughtful consideration of the Design Department's needs, the potential benefit for other departments at NYCHA, and a survey of timekeeping at other comparable capital programs, an upgrade to the current Kronos system was recommended. The timekeeping initiative is spearheaded by IT and will ultimately benefit multiple divisions throughout NYCHA beyond the CPD Design Department. It is expected to be completed in 2021.

B. Real Estate Development

The Real Estate Development Department (REDD) is responsible for forming, negotiating, and structuring public-private partnerships to recapitalize and rehabilitate the Authority's apartments. REDD is primarily responsible for executing the NYCHA 2.0 plan, a 10-year plan to address capital repairs. As part of its Permanent Affordability Commitment Together (PACT) initiative, NYCHA is converting 62,000 units to the Project-Based Section 8 program to provide a more stable flow of federal subsidy and allow NYCHA and its development partners to raise financing to address the full capital needs of over one-third of the portfolio. "Build to Preserve" (BTP) and "Transfer to Preserve" (TTP) will provide for major repairs at another 10,000-15,000 apartments. By the end of 2020, NYCHA will have converted over 9,500 apartments through PACT. Full repairs have been completed or will be underway at these buildings – with over \$1.3 billion being invested in them. Another 12,500 apartments are part of PACT projects in the process of resident engagement or pre-development.

Collectively, these programs represent an unprecedented opportunity to not only address the physical needs of NYCHA's buildings and apartments but also invest in resources and amenities that support resident health and prosperity, including safe, walkable streets; public spaces; neighborhood retail; transportation; and social services.

REDD has been reorganized into the following business units that can support the full lifecycle of a real estate development project while remaining strategically aligned in core values. The new structure will help the department be more intentional at each stage of the process, ensure project management excellence, and provide high level customer service to our residents and to other colleagues across the NYCHA workforce.

Portfolio Planning

The Portfolio Planning team is charged with developing and managing REDD's project pipeline, leading community planning and engagement initiatives, and crafting policy and communications strategies to support the overall success of these efforts. In collaboration with other NYCHA departments, including Community Development, the Portfolio Planning team leads all advance resident and stakeholder engagement from project inception through developer selection, at which point the Transactions team begins to play a bigger role in shepherding the project through to financial closing. The Portfolio Planning team recently conducted a comprehensive analysis of NYCHA's portfolio to develop a more clearly defined, data-driven approach to selecting properties for inclusion in the PACT, BTP, and TTP programs. The team has also been collaborating with citywide resident leadership to implement new resident planning and engagement strategies, with the goal of providing residents with meaningful opportunities to shape the future of their communities. Team members combine skills in real estate finance, community planning, urban design, architecture, research, and housing policy.

Design and Construction

The Design and Construction team is responsible for providing technical services and expertise across all REDD projects and initiatives. Services include property due diligence; environmental planning; environmental review as required by the New York State Environmental Quality Review Act ("SEQRA") and/or National Environmental Policy Act ("NEPA"); preparation of physical conditions assessments as required by HUD for disposition activities such as RAD Capital Needs Assessments ("RAD CNAs") and Obsolescence Assessments per Section 18 of the U.S. Housing Act of 1937; zoning and code review; design and specification review; filing and permitting with the Department of Buildings and other NYC agencies; construction oversight; and quality control. Additionally, the Design and Construction team ensures that PACT repair scopes meet the physical needs of PACT properties, maintaining a standard of quality for repairs, and that PACT repair scopes address the NYCHA priorities of lead, mold, asbestos, heating, elevators, waste management, and generally further the goal of providing healthy homes to NYCHA residents.

Transactions

The Transactions team is responsible for executing real estate development transactions beginning with the procurement process through the transaction's construction closing and including permanent loan conversions and/or refinances. The Transactions team collaborates with REDD Portfolio Planning to develop procurement materials such as RFQs, RFPs and/or RFEIs and evaluates the proposals, ultimately designating a development partner for the public-private partnership. The Transactions team then works with the selected developer partner, attorneys, consultants and other NYCHA developments to see the projects through to financial closing, negotiating and structure the terms of the transaction to maximize value to the Authority's residents and real estate portfolio. At the financial closing of the transaction, the Transactions team coordinates the hand off of the development project to REDD's Asset

Management team. Lastly, the Transactions team steps in to manage the conversion of the development project to permanent financing and/or any other refinances.

Asset Management

The Asset Management Team is responsible for managing the ongoing relationship with our development partners and monitoring each project's performance in the portfolio. The team works collaboratively with other NYCHA departments and REDD teams to ensure compliance requirements and portfolio analysis are clearly defined, tracked, managed, reported, and rated. Compliance requirements include monitoring HUD regulatory requirements, monitoring labor and contractor requirements, monitoring construction, monitoring eviction and legal proceedings, and monitoring other legal requirements on a project. Effective management of the converted portfolio requires understanding of the project's financial health, ongoing monitoring of payments, oversight of operating budgets, and providing management input when needed. The asset management team will also work out problems on projects with development partners and Property Managers when they arise.

Business Operations

The Business Operations team provides operational and administrative support across REDD and is focused on internal processes and procedures to help the team run expeditiously. It is responsible for managing consultant procurements on behalf of the department and managing contracts and business relationships with REDD's various external consultants. The Business Operations team also manages REDD's internal budgets and serves as the department's liaison with other supportive business units within NYCHA such IT, HR, Procurement, and Financial Planning & Analysis.

C. Stabilization Plan & NYC Public Housing Preservation Trust

For decades, public housing in New York City and across the country has received less and less funding in the federal budget. While our buildings are very durable, many are between 50 and 80 years old and require more money – not less money – to upgrade and maintain them. NYCHA has over 175,000 apartments, which currently require about \$40 billion in repairs. This astonishing figure grows at a rate of \$1 billion a year.

Currently, NYCHA's buildings are funded with Section 9 subsidies from HUD (Section 9 refers to Section 9 of the U.S. Housing Act of 1937, which established a federal funding system for public housing). Each year, NYCHA only receives roughly \$500 million in capital grant funding from Congress through Section 9, a fraction of what we need.

At these current funding rates, it would take **over 80 years** to meet NYCHA's capital shortfall. Unfortunately, there is no evidence we will get more money from Congress in the next few years. Despite years of advocacy, NYCHA has seen less and less money from administrations on both sides of the political spectrum.

As described in the previous section, NYCHA 2.0 provides a pathway for renovating 62,000 apartments in NYCHA's portfolio. Now, NYCHA must put forth ideas that would address the physical needs across every development in the portfolio to prevent further deterioration and bring NYCHA into compliance with the HUD Agreement and basic Housing Quality Standards (HQS).

The **Blueprint for Change Stabilization Plan** outlines NYCHA's plan for raising these funds and implementing these improvements. The Stabilization Plan addresses the funding gap and the needs of the 110,000 apartments that are not currently in the pipeline for NYCHA 2.0, which covers 62,000 apartments. This "stabilization cost", estimated at \$18 billion, would address all the key areas of the HUD Agreement:

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

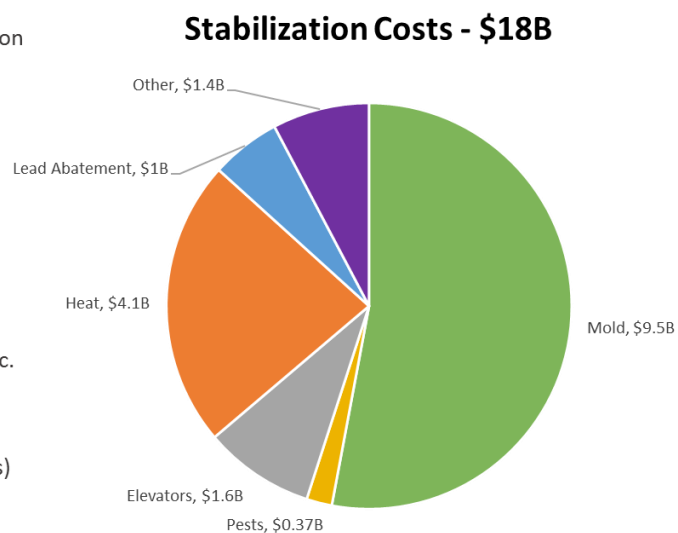
- Dramatically reduce outages

Pests: \$0.37 Billion

- 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



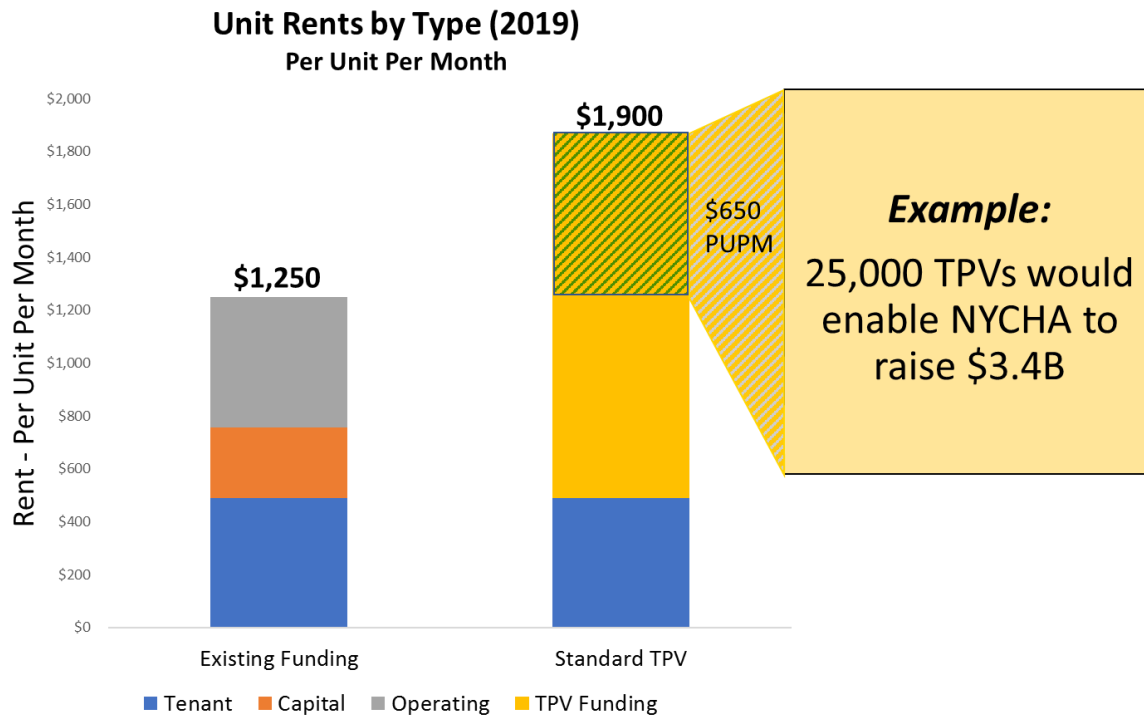
Fully transforming these buildings, which would mean addressing additional work beyond stabilizing investments, would cost another \$7 billion, for a total of \$25 billion. A full transformation would involve improving community centers and grounds, new external cladding, and other improvements.

The Stabilization Plan is NYCHA's first ever comprehensive plan for every building. To do this, we propose to create a public trust for public housing and to leverage new funding sources to deliver rehabilitated homes for residents, ensuring we leave no apartment behind.

A public trust would be able to procure and expedite massive, historic levels of construction and access federal Tenant Protection Vouchers (TPVs).

This is HUD's most valuable resource. Each TPV is worth **almost two times as much** as NYCHA's traditional funding. And, unlike the more common tenant-based Section 8 vouchers, which a family can use to rent on the private market, these TPVs are **project-based**, which means they are linked to a specific development and their subsidy remains permanently with the property.

This all means that the average NYCHA apartment’s monthly funding would increase by \$650 – almost double the current subsidy levels.



TPVs are available when a public housing authority must rehabilitate its public housing apartments because the apartments are in significant disrepair. Unfortunately, due to decades of disinvestment, NYCHA buildings and apartments are in serious trouble and easily qualify for this voucher.

Because TPV subsidy is only available through the Section 8 program and a transfer of the property, NYCHA must partner with a **different legal entity** to receive and manage these funds – NYCHA’s current Section 9 model prevents us from receiving this funding stream.

This is why NYCHA is proposing the creation of the NYC Public Housing Preservation Trust. The Trust would be a **new, fully public entity** – a public agency created through State legislation. Through working with the Trust, NYCHA could access TPVs from the federal government in a way that NYCHA cannot under the current structure.

The process would be fully public: public ownership, public operation, and public maintenance of NYCHA’s buildings. NYCHA would remain the permanent owner of the land and the buildings and would enter into a 99-year ground lease with the Trust. This ground lease agreement would allow the Trust to access the Tenant Protection Vouchers (TPV) and attach them to the buildings, so that the properties receive more funding every year. Once the Trust attaches the TPVs to the properties, it can issue bonds to raise upfront funding for renovations. Bonds are a tool that local governments use when they have a steady stream of revenue they receive over time but need a large lump sum of money in the present. In NYCHA’s case, the

Trust and NYCHA would issue bonds to fund the building renovations, and then pay the bonds back on an annual basis using the additional subsidy from the TPVs.

The Trust would then oversee the work to complete the capital renovations and improvements. Too often, NYCHA's repair work is inadequate and takes too long to finish. The Trust would fix this through a new procurement process. In its current structure, NYCHA has many restrictions that prevent us from completing high-quality work quickly. The Public Trust would allow us to deliver high-quality renovations on a faster timeline by cutting through the bureaucratic red tape.

Under this model, NYCHA staff would also continue to maintain and manage the properties. NYCHA is not selling buildings or apartments and will continue to manage all properties with our current union workforce.

Through this partnership, NYCHA's buildings would become a **new type of public housing**. The government would continue to own and operate the buildings, just as now. Residents would still maintain their full rights. There would be no private entity involved – the Trust would be a fully public agency. But now, under the new model, the buildings would be properly funded and fully renovated to a state of good repair.

NYCHA and the Trust would permanently carry over all rights residents currently have under Section 9. Many of these protections exist under current federal laws and regulations, and the remainder would be maintained as part of the State legislation creating the Public Trust. For example, residents will still have the following rights:

- Rents capped at 30 percent of household income;
- Automatic lease renewal;
- Automatic lease succession rights;
- Right to establish resident organizations;
- Full HUD 964 regulations, including the right to form Resident Management Corporations (RMCs), which empower residents to manage their properties; and
- Economic opportunities under Section 3 (the federal requirement to provide job and business opportunities to NYCHA residents as part of NYCHA's spending).

In addition, there would be no re-screening under the transfer. This means there will be **no resident displacement**, including for the small number of NYCHA residents whose households do not meet the Section 8 eligibility criteria.

Moving forward, any vacancies not filled through the succession policy would be filled from the combined Section 9 and Section 8 waiting lists. Just as now, NYCHA buildings will remain permanently available for low-income households and will never go to market rate.

Under the Stabilization strategy, NYCHA will prioritize NYCHA residents for the thousands of high-paying jobs created and will strengthen our Section 3 and Minority- and Women-owned

Business Enterprises (MWBE) programming. The construction work will also support hundreds of local industry jobs, and the new building systems will generate thousands of new skilled jobs.

There will also be significant health and climate impacts as well. NYCHA would use the latest energy-efficient technologies and features to foster a greener and cleaner NYCHA. By addressing lead, mold, and other environmental health hazards, NYCHA can provide a healthy living space for our families.

In addition, for developments where there is interest, NYCHA can work together with residents to pursue shared management and decision-making structures, including Resident Management Corporations (RMC), which empower residents to manage their properties.

D. Leased Housing

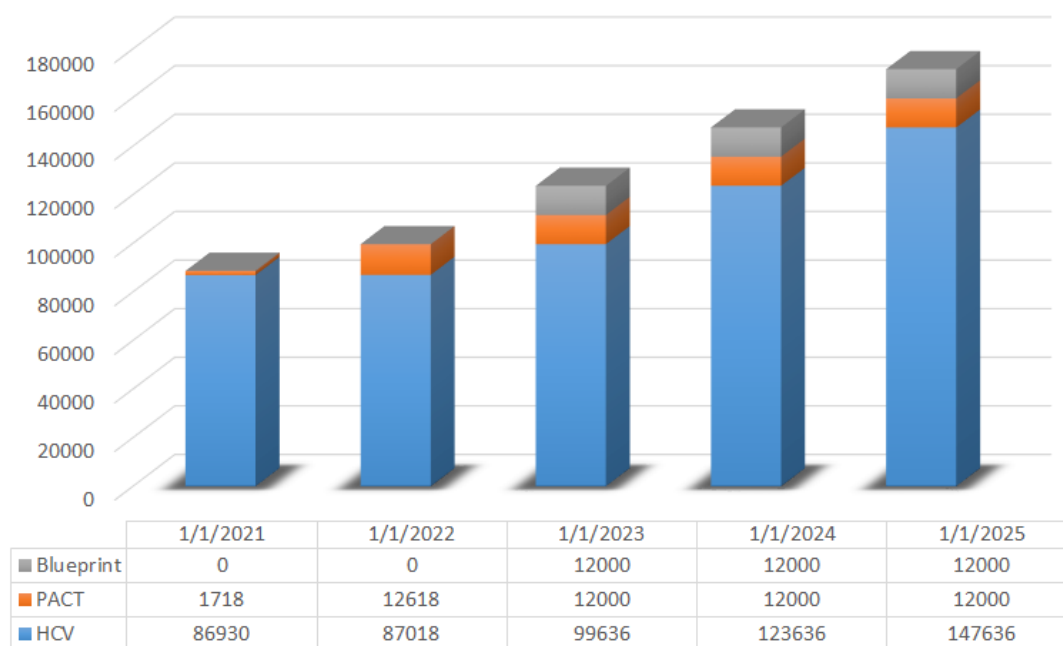
The Leased Housing Department (LHD) administers NYCHA's Housing Choice Voucher Program (Section 8). Under this federally funded program, NYCHA makes rent subsidy payments on behalf of eligible families authorized to lease publicly and privately-owned apartments that meet prescribed Housing Quality Standards (HQS). The Section 8 Program provides a rent subsidy, allowing families to pay a reasonable share of the rent with government subsidies making up the difference, up to a maximum amount called the payment standard. The subsidy paid to the landlord (or the housing assistance payment) is usually the difference between thirty percent of the household's total adjusted gross income and the contract rent approved by NYCHA for the apartment.

A total of 24,954 landlords participate in the Leased Housing Program, renting 83,225 Section 8 apartments that house 185,127 authorized residents. Unit rents average \$1,403/month rent, with the resident paying an average of \$360 and NYCHA paying an average subsidy of \$1,053. The average annual income of Section 8 residents is \$17,150. The combined Public Housing and Section 8 Programs occupy 7% of the City's total dwelling units and 7% of the City population.⁴³

The PACT/RAD and Preservation Trust programs envision a comprehensive portfolio-wide conversion from the Section 9 Public Housing subsidy platform to the Section 8 subsidy platform. If successful, this could mean nearly 170,000 additional vouchers under management upon full conversion.

⁴³ Voucher information per Adopted Budget for FY2020 and The Four-Year Financial Plan FY 2021 – 2024. March 2020.

Est. HCV Program Totals by Year*



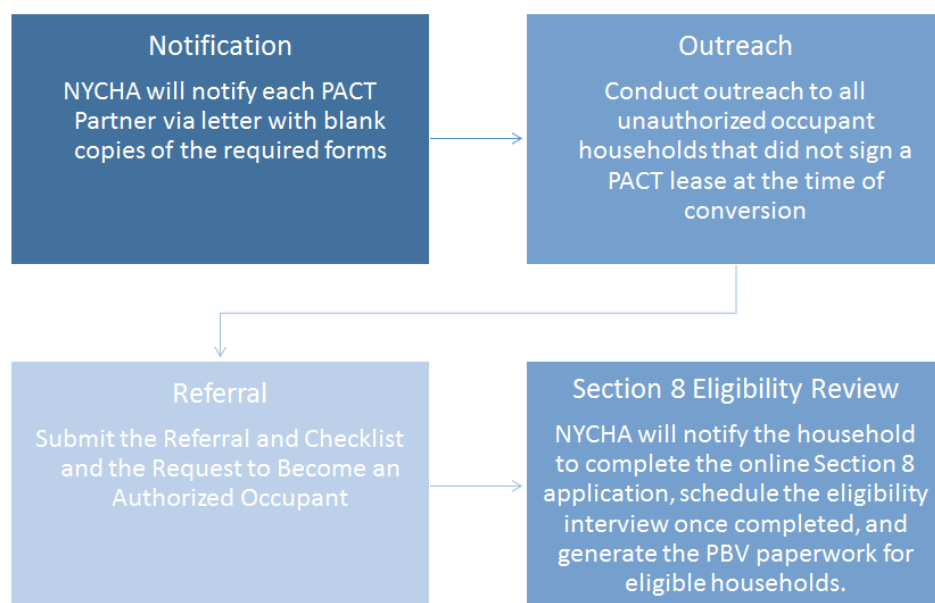
***Does not include non-conversion activities.**

To prepare for this platform conversion, LHD has commenced a review of its operations and policies. The goal of this review is to ensure that LHD determines its future resource needs to accommodate this program growth. In this multifaceted review, LHD will cover operational components such as workload analysis, office capacity, software assessment as well as policy components that minimize the displacement of residents as conversions occur.

1. Strategy D.1: Implement PACT Pathway to Authorization Pilot

The PACT Pilot Program – Pathway to Authorization, is an example of a policy component that is being piloted by LHD with the goal of reducing displacement of occupants during the conversion process. This pilot program provides a limited opportunity for unauthorized occupant households who did not sign a PACT lease at the time the property converted to project-based Section 8 to obtain authorized status and begin receiving Section 8 assistance.

Pathway to Authorization in Action



2. Strategy D.2: Preparing for Increased Vouchers and Workload

Under the HCV program there are regular activities such as annual recertifications, lease renewals/contract rent increases and housing quality standards (HQS) inspections that occur on an annual or biennial basis. There are also several activities that occur at a lower frequency such as transfer requests, interim recertifications and court appearances. LHD'S current state workload analysis takes each activity type and frequency into consideration when determining the appropriate staffing levels. In consideration of the anticipated increases displayed above in the chart labeled "Est. HCV Program Totals by Year", LHD has refreshed its workload analysis to assure that the processing times in the current state are up to date. At the present time, the outcome for the appropriate number of staff required is being reviewed along with the impacts of office space availability, information technology and third-party assistance.

Chapter 10. Jobs and Recovery Strategy

New investment in our housing portfolio offers an opportunity to generate jobs and greater economic mobility for residents. NYCHA leverages multiple tools for job creation, including connecting residents to jobs with NYCHA, NYCHA vendors, and other employers through our workforce and employer partners.

Section 3 of the Housing Act of 1968, as amended by the Housing and Community Development Act of 1992, is intended to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing federal, state and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for

housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

Section 3 is a powerful tool for job creation -- spanning entire agency. To comply, employers must ensure at least 30% of new hires are Section 3 residents. NYCHA's REES and Vendor Integrity & Supplier Diversity departments work in concert to connect Section 3 residents and businesses to opportunities and track and monitor vendor compliance. In 2019, NYCHA and its partners facilitated over 3,000 job placements, of which 1,110 were through its Section 3 program (including both NYCHA HR resident placements and contractor resident placements in this total.)

Expanding Section 3 Reach

Section 3 applies to both contractors and subcontractors, and the entire project or activity is covered regardless of whether the Section 3 activity is fully or partially funded with Section 3 covered assistance. In practice NYCHA already applies Section 3 requirements to work that is not federally funded, such as City-funded capital improvement projects.

For NYCHA, all HUD provided funds including the Public Housing Operating Fund, Capital Fund, and any City provided Community Development Block Grant (CDBG) funds are covered by the rule (Section 8 HCV is excluded.) NYCHA also applies Section 3 to Housing Assistance Payment (HAP) funds as required through the RAD program. There is a need to develop Section 3 equivalent efforts within the HCV program and to complement the public housing program efforts. HCV is a substantial portion of the annual budget, mostly as a pass through of HAP payments to landlords; however, NYCHA commits to Section 3 and Section 3 equivalent goals on these projects.

Section 3 applies to all construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction which includes buildings or improvements (regardless of ownership). Section 3 also applies to other types of contracts requiring labor. However, contracts for professional services as well as the purchase of supplies and materials are not Section 3 covered, unless a contract for materials includes installation.

NYCHA purchases a substantial amount of goods, supplies, and professional services annually. While these vendors may not require new labor, they can offer other economic opportunities for residents and Section 3 businesses including internships, mentoring, training, and other support to the benefit of residents.

NYCHA is in the process of preparing a separate Jobs and Recovery plan and policy document, that will include a comprehensive set of ideas to reform NYCHA Section 3 policy and practices. Many of these reforms are already underway with and interim standard procedure introduced in Summer 2020 that introduced a new standard for all NYCHA departments; compliance tracking and reporting measures; and pilots a menu for "other economic opportunities" for vendors without hiring and subcontracting needs.

In September 2020, HUD issued a new rule for Section 3 that includes substantial changes to how the program is implemented. Additionally, NYCHA is set to begin renegotiating its Project Labor Agreement with the Building Trades in early 2020. Both will have significant impact on the future of NYCHA's Section 3 program and will be incorporated in the updated plan. Furthermore, NYCHA will revisit its policies concerning Section 3 businesses to increase supplier diversity and establish new onramps for successful procurement.

While Section 3 is a crucial component of our overall workforce strategy, NYCHA has also invested in resident training, workforce and business development through a variety of quality programs. REES oversees the award winning NYCHA Resident Training Academy which provides pre-apprentice construction training and other training tracks that lead to careers with NYCHA and our vendors. REES manages successful entrepreneurship training programs, financial literacy, asset building, adult education, and sector-based training initiatives. With increased investment through the Fund for Public Housing, NYCHA will be positioned to grow and development new programs to prepare residents for the opportunities ahead.

Chapter 11. **Public Comment Period**

A. Background

NYCHA commenced a six-week public comment period for residents, employees, stakeholders, and members of the public to review the draft Transformation Plan and submit comment(s), concerns, ideas, and questions about it. The public comment period is a continuation of the engagement methodology – outlined in the Executive Summary – that has informed, shaped, and continually reshaped the Transformation Plan and the strategies presented herein. The comments received are critical for NYCHA's understanding of where and how the Transformation Plan falls short, omits key issues, and requires additional engagement, analysis, and solutioning.

This public comment period was the first time in NYCHA's history that a major strategy document was released in draft form to be commented on by the public. Rather than a singular opportunity for members of the public to engage with the Transformation Plan, NYCHA intends for the public comment period to serve as a first of many opportunities for NYCHA stakeholders and members of the public to review and provide feedback on the strategies being considered to reform how NYCHA does business to better serve our residents, employees, and the City.

B. Approach

The public comment period began on November 16, 2020 and lasted six weeks, closing on December 28, 2020. NYCHA created and launched a webpage to provide a centralized location to house the full draft Transformation Plan, the public comment web form for individuals to submit their comment(s), and FAQs about the draft Transformation Plan and public comment process. NYCHA also made copies of the Transformation Plan and the public comment form available in paper copy at developments' property management offices.

In order to advertise and make the process accessible, NYCHA utilized multiple channels to reach all stakeholders. In addition to the online form, NYCHA utilized the following communications tactics throughout the six-week period:

- Flyers announcing the comment opportunity and its process;
- Rent bill inserts announcing the comment opportunity and its process;
- Emails to staff summarizing key content and announcing the comment opportunity;
- A press release announcing the Transformation Plan release and comment opportunity;
- Emails to property management staff informing them of the in-person public comment process and their role in assisting residents without internet access;
- Targeted outreach emails to stakeholders announcing the Transformation Plan release and comment opportunity;
- Reminder emails to stakeholders about the comment opportunity;
- MyNYCHA app announcements about the comment opportunity;
- Robocalls announcing the comment opportunity;
- CCC hold messages announcing the comment opportunity;
- Blueprint for Change townhall(s) reminders about the comment opportunity;
- Self-Service Portal announcements about the comment opportunity;
- Social media posts engaging followers in the comment opportunity.

C. Analysis

At the end of each of the six weeks of public comment, NYCHA collected all comments it received into one centralized tracker. Each commenter was assigned a de-identified ID number, which was then ascribed to each comment the commenter made. NYCHA reviewed each comment and coded it by relevancy and by theme. Relevancy addressed whether the comment was relevant to the Transformation Plan and/or *A Blueprint for Change* and its strategies. Themes used for coding emerged from the most prevalent topics covered in the public comments. Themes included Hiring & Training, Resident Accountability, Management, Stabilization, Positive Reaction / Need for Change, Pillars, Transparency / Communication / Engagement, Tenancy Administration, Repairs & Maintenance, and Health & Safety.¹

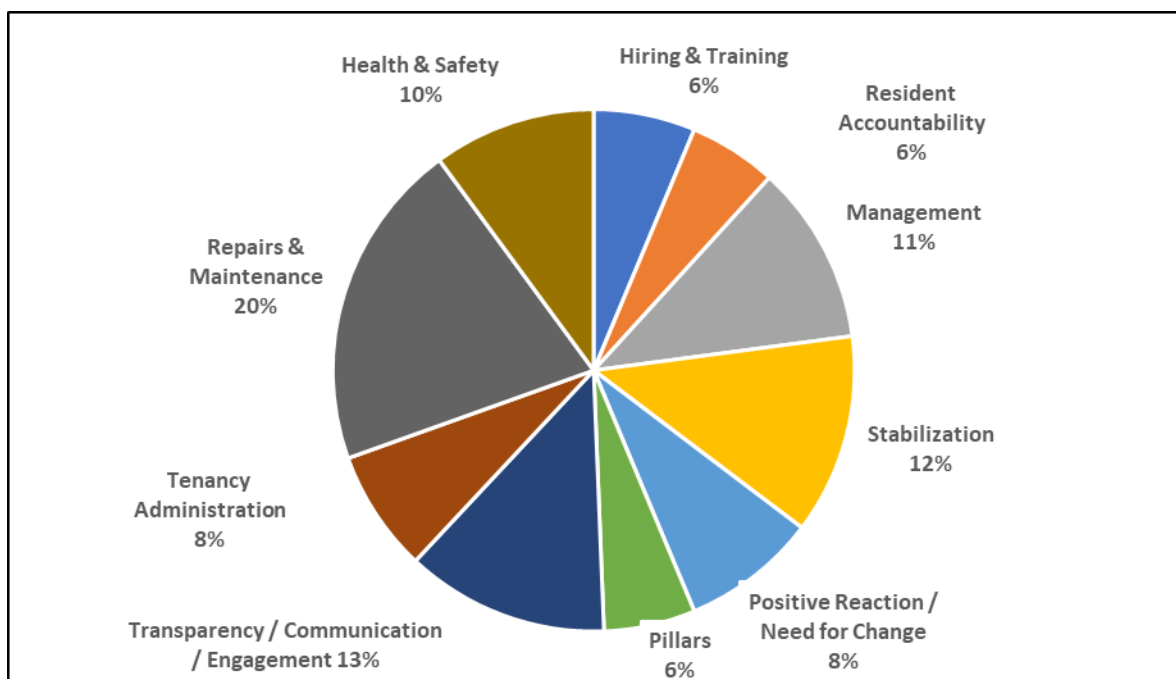
After coding and analyzing the comments, NYCHA reviewed the synthesized data and created a weekly summary report. These reports – and specific comments from the week – were used to notify relevant NYCHA departments to incorporate feedback into Transformation Plan strategies.

D. Takeaways

This was NYCHA's first experience with public comments on a strategic plan. NYCHA received a total of 322 comments from 147 stakeholders. All comments were submitted by the online form. 266 comments were relevant to the Transformation Plan and not redundant. NYCHA also received 11 email responses and 53 social media mentions in response to outgoing

communications about the public comment period. All comments received are detailed in Appendix G of this Plan. Of the comments received from 147 stakeholders, 113 (77%) of the stakeholders were residents.

Of the possible topics covered, “Repairs & Maintenance,” “Transparency / Communication / Engagement,” and “Stabilization” were most referenced in the comments.



Chapter 12. Change Management Plan

While NYCHA’s Transformation Plan will provide substantial improvements and enhancements to our residents, properties and employees, we will need to adjust and shift the way we operate and interact to effectuate the many changes discussed in the Plan. Even with good change management, change is hard, and leadership can expect a transition period and, oftentimes, a short-term dip in productivity while the change is being processed.

Organizational change management is critical to the success of the Transformation Plan. Studies report that 70% of change efforts do not succeed: they either fail to deliver benefits or are abandoned entirely⁴⁴. Change management is the linchpin and key to improving the likelihood of successful outcomes. Effective change management requires stakeholder engagement, training, communications, leadership alignment, a change vision, and change ambassadors. Change is made successful through a combination of soft (qualitative) and hard (quantitative) factors. The most important aspects for a successful change include leadership sponsorship, a shared vision, communication, and ownership of change by upper and middle management.

⁴⁴ Harvard Business Review: What Everyone Gets Wrong About Change Management by N. Anand and Jean-Louis Barsoux

Organizational change management must operate in parallel with the creation and implementation of the Transformation Plan given the scope of changes needed.

A one-size fits all organizational change management approach, strategy, and framework will not be effective in enabling sustainable change, especially in an organization-wide transformation. NYCHA needs a strategy focused on optimizing engagement and acceptance from 11,000 employees across a range of departments, located in disparate locations, in different roles, with different tenures and experiences, and employees who are residents, where this strategy takes on a different meaning. The change management plan sets a critical foundation for NYCHA's Transformation Plan. It establishes the change vision and overarching approach and maps the path to achieve specific goals and outcomes in the transition.

NYCHA's change management approach consists of four phases including:

- *Understanding change readiness and the current state* – Foster engagement and develop a deeper understanding of where NYCHA has been, where it is, and where it wants to go.
- *Align on future state* – Define what the future ideal state for NYCHA is and design the change management strategy and plan.
- *Executing on the change* – Carry out the change management activities and update strategy as needed based on feedback and lessons learned.
- *Reinforcing the change* – Maintain and strengthen change and the desired behaviors across NYCHA by monitoring KPIs, evaluating change management approaches and studying lessons learned.

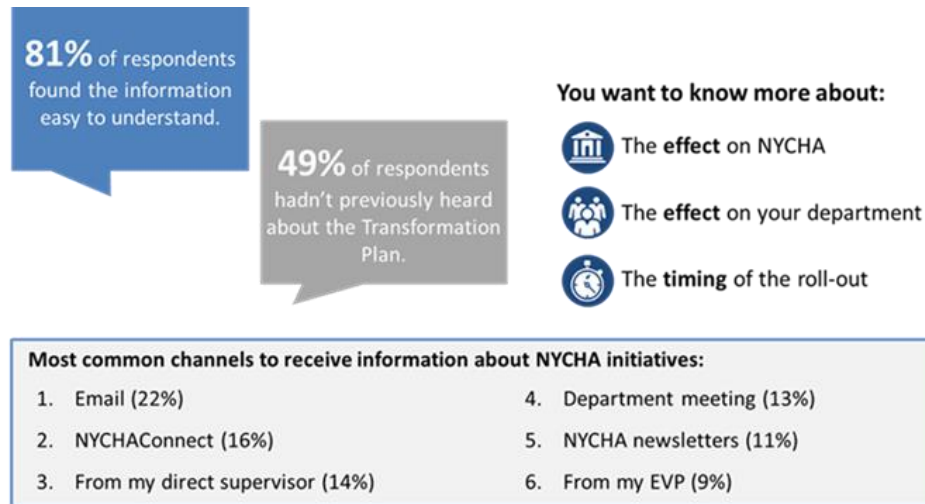
A. Understanding Change Readiness and the Current State

To prepare NYCHA for the launch of the Transformation Plan, work has already begun to understand the current state through the recent and planned activities summarized below:

- *Stakeholder interviews* – A change management team from NYCHA Strategy & Innovation engaged directly with stakeholders from across the organization to understand their backgrounds, perspectives, priorities, experience with change, and awareness of the Transformation Plan. The team conducted 27 interviews with department leads across NYCHA.
- *Cross-walk* – The team developed a cross-walk document comparing past plans and identifying how NYCHA strategies have evolved over time. The objective of this document is to understand the linkage and gaps between the NYCHA Roadmap⁴⁵ and the Transformation Plan in support of internal communication, change management, and external reporting to the NYCHA Monitor, HUD, and SDNY.

⁴⁵ KPMG developed the NYCHA Roadmap to provide opportunities for improvement identified in the Maturity Assessment.

- *Transformation Plan Brown Bag sessions and survey* – A series of virtual Brown Bag sessions were launched to share Transformation Plan updates, answer questions, and gather staff feedback. A post-session survey was released to attendees. The responses were valuable in gathering feedback on the sessions, assessing current knowledge and perceptions of the Transformation Plan and gathering input, suggestions and questions about the strategy. This information has helped to guide our communications strategy. Some key takeaways are included below:



- *Employee townhalls* – In October-November 2020, NYCHA held a series of employee townhalls with Chair Gregory Russ and Strategy & Innovation to inform employees on the draft Transformation Plan strategies in conjunction with the Stabilization Plan. Over 1,500 employees attended, and questions raised were incorporated into employee communications and FAQs moving forward
- *Change readiness survey*⁴⁶ – Brief, web-based change readiness surveys will be periodically sent to all NYCHA staff throughout implementation of the Transformation Plan to gather input and understand readiness for change. The purpose of the survey is to:
 - Evaluate employee perception of progress in implementing Transformation Plan initiatives
 - Understand employee perception of and experience with the changes resulting from the Transformation Plan
 - Identify which aspects of the change management strategy and communications plan are working well and which can be improved

The survey is planned for distribution to all NYCHA employees on a regular recurring basis, every six to twelve months. The survey was first released on January 12, 2021 and

⁴⁶ KPMG conducted a change readiness survey in September 2019. The survey was sent from the Office of the Chair to 600+ leaders, from EVPs to Property Managers. The survey primarily focused on perceptions among management of the HUD Agreement and the new Chair. The Transformation Plan change readiness survey will build on the findings from the KPMG survey and track NYCHA's progress on addressing the risks outlined in the KPMG Change Readiness Report.

will be closed in February 2021. The first survey will provide a baseline to measure future progress against. Data collected from the survey will be used to inform tailored engagements, communications and trainings to meet stakeholder needs and improve readiness.

B. Align on Future State

To continue to drive awareness and understanding of planned changes through stakeholder engagement activities, we are developing a change impact tool, a change network, engaging leadership, and focusing on empowering staff.

- *Change impact assessment* – A change impact assessment will be used to identify stakeholders impacted by each strategy of Transformation Plan and how and when they are impacted. The change impact assessment identifies, catalogs, and analyzes impacts occurring across NYCHA, and looks at the current state, target state, and impacts for people, roles, processes, and technology by stakeholder group. We want to ensure that the timing of multiple new initiatives is such that it does not overwhelm departments or individual staff. By knowing the timing and impacts, change can be managed holistically and communicated effectively, and adjustments made where needed.
- *Employee Engagement Committees (EEC)*: As described above in the discussion of the Human Resources Department, NYCHA created the EEC in 2017 to engage and empower staff through a cohort model. To become a member of the EEC, employees apply and are interviewed. To date there have been two cohorts of 25-35 people, with a third cohort scheduled to start soon. During the fall of 2020, the change management team worked with the EEC to create actionable plans to institute two of the Transformation Plan's core values of "a culture of service" and "empowering our staff" into NYCHA's culture. The EEC presented their ideas to stakeholders including NYCHA senior leadership and Board members, HUD, SDNY, and the Monitor.

NYCHA Transformation Plan

- Change Network:** Creating a change network is key to the success of changes within the Transformation Plan and beyond. Building off the EEC work, NYCHA built a change network of 200+ staff from across NYCHA, including at least one change ambassador in each department and housing development. Staff volunteered and applied to be a change ambassador or were nominated by their EVP. The change network, a cross-functional group of stakeholders organized to assist in the implementation of change initiatives, is being established collaboratively with the employee engagement team and other departments. The change network will serve as a mechanism to:
 - Promote transparency and communications across the authority
 - Diagnose pain points, concerns, and issues associated with the transformation
 - Identify leading practices that can be leveraged throughout the organization
 - Create an enduring structure that can be leveraged for future initiatives
 - Engage stakeholders in exercises to provide the opportunity to co-create the “to be” state
 - Promote change with actions and input to increase awareness and desire

In addition, a change network toolkit is being created to support the change ambassadors. The toolkit will outline roles, responsibilities and scheduled activities, and include tools and templates that change ambassadors can use to facilitate communication with impacted staff. The meeting cadence for this group is monthly. Change ambassadors will receive new information regarding the change, provide feedback to leadership and raise any issues to ensure two-way communication.

- Communications Plan:** A major component of change management is managing communication with staff and proactively documenting and responding to feedback. Through interviews, focus groups and surveys, staff will be aware of the Transformation Plan, but they will need clarity around why and how it is happening. We have developed a communications plan that includes messaging strategies that utilize multiple channels that align with how employees receive and like to receive information.

Communications – Channels

The channels below will be used during each phase and on an ongoing basis to communicate Blueprint for Change messages and support implementation.

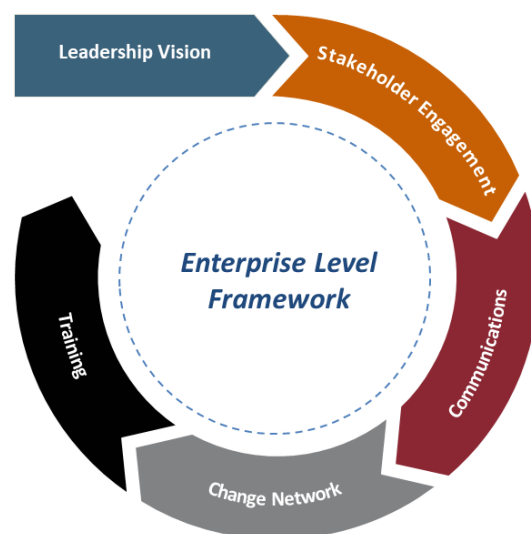
CHANNEL	DETAIL
Newsletter	<ul style="list-style-type: none"> Intergovernmental Affairs Resident Leaders REES Leased Housing Compliance
Print	<ul style="list-style-type: none"> Palm Cards Flyers Rent Inserts Signage Posters Notices Letters Fact Sheets One-Pagers
Website	<ul style="list-style-type: none"> NYCHA Website Journal NYCHA Connect REES NYCHA Now
Social Media	<ul style="list-style-type: none"> Facebook (Facebook Live) Twitter Photoshelter Instagram YouTube LinkedIn
Application	<ul style="list-style-type: none"> Self Service Portal MyNYCHA App (push notifications) and Website MyNYCHA Developments Owner Extranet
Digital	<ul style="list-style-type: none"> Emails Social/Info Graphics Digital Advertisements
Other	<ul style="list-style-type: none"> Paid TV Radio Robocalls Advertisements Newspaper Messaging Campaigns Smart Screens Videos Conference Calls

- **Leadership Alignment:** Executive support is critical to success of NYCHA's change management initiatives and the overall Transformation Plan. A change management session was conducted with over 40 leaders and EVPs from across all NYCHA departments to gain executive buy-in, demonstrate commitment to the Transformation Plan, align on the importance of change management, and discuss building a change network. As leads of their departments, they will be equipped with tools to communicate to their staff about the transformation and will help identify employees to be a part of the change network. Over the course of the coming months and years, we will continue to engage leadership to give them the messages and tools needed to communicate with their teams about the transformation, as well as the outlet to share feedback.
- **Training:** As part of the change impact assessments, we are working to assess and understand training needs within the Transformation Plan and to empower staff with the knowledge and skills to be successful. Training will be incorporated into each initiative as needed and given known resource constraints.

C. Executing on the Change

Executing on planned changes will occur after understanding the impact of the changes and continuing to engage with internal and external stakeholders. Activities that began in the previous phases will continue throughout the implementation of the Transformation Plan through continuous improvement and gathering feedback and leading to development of an enterprise level framework for change management.

- **Continuous improvement:** Through change readiness surveys every 6-12 months, gathering feedback from the change network, regularly meeting with Executive Vice Presidents and engaging with staff, we will update training and communications materials, and continue to improve upon NYCHA's change management plan. We will also look at implementation status to learn about roadblocks/successes and use this information to improve our change management approach.
- **Enterprise level framework:** Based on inputs from the key activities outlined above, we will develop a written enterprise level framework for ongoing change management. This framework will be updated based on NYCHA feedback and lessons learned through change management services implemented.



D. Reinforcing the change

Many change initiatives experience short-term success, but ultimately fail due to a lack of sustained commitment by the organization. Maintaining and strengthening change and the desired behaviors across the organization requires close tracking of what is working and what is not, as well as the ongoing refinement and evolution of change messages and techniques to keep employees engaged. We plan to track compliance with new processes across stakeholder groups and adjust the change management plan as needed. To build towards ongoing sustainable change and enable the full expected benefits of the Transformation Plan, we will review, iterate on, and continuously improve our enterprise level framework by incorporating feedback and lessons learned from stakeholders.

Chapter 13. Implementation Plan

This Transformation Plan sets out the strategic vision for NYCHA's ongoing reform efforts. It will be followed by an Implementation Plan, developed collaboratively by NYCHA and the Monitor with input from residents and other stakeholders. Together, the Transformation Plan and the following Implementation Plans comprise the Organizational Plan required per Paragraph 46 and 47 of the HUD Agreement. Implementation Plan, Phase 1, will be submitted for approval pursuant to Paragraph 51 of the HUD Agreement by September 30, 2021; a follow-up Implementation Plan, Phase 2, covering the remainder of these topics, will be submitted for approval pursuant to Paragraph 51 by June 30, 2022.

The Implementation Plan will detail the actual organizational and business process reforms that NYCHA will implement, in light of available resources and other constraints, to achieve the organizational change required by the HUD Agreement. The reforms will be supported by modeling and analysis, and they will adequately address a list of topics previously provided to NYCHA by the Monitor, HUD, and SDNY concerning operations, procurement, capital, NYCHA's governance, and resident engagement. During the course of this process, additional strategies may be added.

Within NYCHA, its Strategy & Innovation Department will take a leading role, but—as with any aspect of NYCHA's transformation—implementation planning will require significant cross-departmental collaboration.

NYCHA has begun some of these discussions already as aspects of the transformation were further along and ready for implementation. As a result, NYCHA was able to identify some strategies ready for early implementation, including:

- Neighborhood Model – NGO1 and Mixed Finance portfolio absorption into geographic neighborhoods and establishment of specific neighborhood portfolios for Neighborhood Administrators;

NYCHA Transformation Plan

- Property-based budgeting – Phased implementation of property-based budgeting to ensure Property Managers are trained in HUD asset management requirements and equipped to serve a primary function during the 2021 fiscal year; and
- Annual review/recertification e-Portal – soft launch of new e-Portal design to deliver user friendly approach

NYCHA's focus on continuous improvement is reflected in the numerous business process and organizational changes described in this plan. To implement these strategic priorities, NYCHA will closely track what is working and what is not, ensuring that employees and stakeholders remain engaged and committed to the transformation.

APPENDICES

Appendix A – Resident Survey Results

Appendix B – KPMG Recommendations Cross-Walk

Appendix C – NYCHA Organizational Chart

Appendix D – Proposed Board Committee Charters

Appendix E – Neighborhood Portfolios

Appendix F – Letter to Citywide Council of Presidents (CCOP)

Appendix G – Public Comments

Appendix H – Detailed Implementation Tracker