

Executive Summary

NYCHA's Proposed Amendment to the Annual PHA Plan for FY 2016

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

NYCHA's Proposed Amendment to the Annual PHA Plan for FY 2016 is available for public review at NYCHA's Central Office and at each development's management office, as well as on NYCHA's web page (www.nyc.gov/nycha). NYCHA also provided a copy of the Proposed Amendment to each public housing Resident Association President.

NYCHA will hold a public hearing at the Borough of Manhattan Community College ("BMCC") in Manhattan on April 5, 2016 which will be live streamed on NYCHA's web page (www.nyc.gov/nycha). NYCHA will accept written comments on the Proposed Amendment at its post office box and by fax and email through April 8, 2016. Please see the Notice on page X. NYCHA met with the Resident Advisory Board ("RAB") members for their comments on February 18, 2016 and will meet again before the Amendment is submitted to the United States Department of Housing and Urban Development (HUD) for approval.

NYCHA's Proposed Amendment will be submitted to HUD by April 29, 2016.

The Need for a Next Generation Solution

In its worst financial position in more than 80 years, NYCHA faces nearly \$2.5 billion in a cumulative projected operating deficit over the next ten years, and nearly \$17 billion in unmet capital needs for major infrastructure repairs. Billions in underfunding from all levels of government, and rapidly deteriorating buildings are threatening the future of the nation's oldest and largest public housing authority.

This is why we developed NextGeneration NYCHA, our 10-year strategic plan. It is a roadmap to change the way we do business, get our financial house in order, and preserve public housing. It requires us to seek innovative solutions, work with residents on some tough decisions, and leverage every available resource to create the safe, clean, and connected communities our residents deserve. Developed over one year from 150 collaborative meetings with NYCHA residents, stakeholders and elected officials, NextGen builds on the de Blasio administration's commitment to stabilize, preserve and revitalize public housing. The NextGeneration NYCHA's 15 strategies will transform NYCHA into a more effective and efficient property management that has the funding and flexibility to be more responsive to the over half-million New Yorkers it serves. The full report – including complete goals and strategies – can be viewed at on.nyc.gov/nextgeneration and social media activity can be followed at #NextGenNYCHA.

The Benefits of NextGen Neighborhoods

There are several development programs under NextGeneration NYCHA, including the 100 percent affordable program and *NextGen Neighborhoods*, or 50/50. Centered on resident and community stakeholder engagement, the *NextGen Neighborhoods* program enables NYCHA to generate revenue to reinvest back into our development sites and across NYCHA by leveraging a 50-50 split of market-rate and affordable housing units. Stakeholder input will inform the size, scope and potential revenues generated by the construction of new housing units. Residents are involved in setting the priorities for capital repairs at the buildings participating in the *NextGen Neighborhoods* program.

This is one of the most innovative program models in the nation. The market-rate units will generate revenue for critical NYCHA needs — money to fund priorities not only identified by capital needs assessments, but also by the residents on the ground at *NextGen Neighborhoods* sites, those directly impacted by the program, Holmes Towers in Manhattan and Wyckoff Gardens in Brooklyn. The *NextGen Neighborhoods* program elevates the voice of the resident in the decision-making process. We are creating a program in which the input of residents is more directly guiding dollars and our work.

In addition to a funding lifeline for the Authority, *NextGen Neighborhoods* will create more, much-needed affordable housing options for low-income and working New Yorkers in neighborhoods where there is a severe shortage — like the Upper East Side in Manhattan and Boerum Hill in Brooklyn. In fact, in neighborhoods that are feeling the impacts of gentrification, *NextGen Neighborhoods* offers the opportunity for more affordable units alongside public housing, which is a permanent anchor of affordability in any neighborhood, no matter how much it changes. New Yorkers benefit, including NYCHA residents, who will receive preference for 25 percent of the new affordable units.

In selecting sites for *NextGen Neighborhoods*, we are looking at several factors: the availability of land at the development; the development's major repair needs; the affordable housing needs of the neighborhood; and the potential to generate revenue from market-rate apartments. NYCHA will retain ownership of the land under the new buildings. We will ensure the affordability of the apartments in the new buildings through our agreements with the selected development partners.

NextGen Neighborhoods differs from the plans of the previous administration. A much larger percentage of the apartments will be affordable – 50 percent rather than just 20 percent. The NYCHA developments at the site of new construction will benefit directly, with improvements starting immediately with an upfront payment from the developer. And the most striking difference is that resident engagement and community input are a central part of this process. Resident input will inform the character of the residential/commercial mix at sites, the pros and cons of building locations, and the look and feel (that is, the design and landscape), which will integrate the new building into the community.

NextGen Neighborhoods – Holmes Towers

Holmes Towers consists of two, 25-story buildings with 537 apartments on 2.81 acres in the Upper East Side of Manhattan and is home to 532 families with 924 residents. Nearly 40% of the heads of household are seniors and about 39% of households report income from employment. The average household income is \$22,079 and the average monthly rent is \$420.

Holmes Towers was selected for the NextGen Neighborhood initiative due to its high renovation needs and available lot and residential floor area on its site. Holmes has over a \$31.5 million need for major capital improvements including new windows, roof and parapets, brickwork repairs and upgrades to apartment kitchens and bathrooms. Major upgrades are also needed for the site including landscaping, paving and playgrounds.

An RFP is scheduled to be released in March 2016 for development of the site at Holmes to be ground leased. NYCHA will negotiate with selected developers to obtain a share of the developer fee and an upfront lease payment. NYCHA residents will have the opportunity to apply for the units in the new building through a HUD regulated lottery. The development opportunity at Holmes can support a building with approximately 300 new units with 50% of the units at market rate and 50% affordable.

NextGen Neighborhoods – Wyckoff Gardens

Wyckoff Gardens consists of three, 21-story buildings with 529 apartments on 5.81 acres in the Boerum Hill neighborhood in Brooklyn and is home to 525 families with 1,154 residents. 40% of the heads of household are seniors and about 43% of households report income from employment. The average household income is \$25,006 and the average monthly rent is \$485.

Wyckoff Gardens was selected for the NextGen Neighborhood initiative due to its high renovation needs and available lot area on its site. Wyckoff has over a \$35 million need for major capital improvements including new interior building stairs, roof and parapets, brickwork repairs, new entrance and exit doors, and upgrades to apartment kitchens and bathrooms.

An RFP is scheduled to be released in March 2016 for development of the available sites at Wyckoff to be ground leased. NYCHA will negotiate with selected developers to obtain a share of the developer fee and an upfront lease payment. NYCHA residents will have the opportunity to apply for the units in the new buildings through a HUD regulated lottery. The development opportunity at Wyckoff could support two buildings with approximately 600 new units each with 50% of the units at market rate and 50% affordable. These sites will require a ULURP in order to enable this development.

A total of twelve community engagement meetings were held at these two developments between October 5, and December 2nd, 2015. A total of 541 residents, 194 at Holmes and 347 at Wyckoff actively participated and shared their views. During these meetings, residents were informed about the development process and asked for the feedback with regards to the various needs of their individual campuses.

Information on NextGen Neighborhoods is available online - <http://www1.nyc.gov/site/nycha/about/nextgen-neighborhoods.page>.

Capital Improvements – FY 2016 Capital Fund Annual Statement/Performance and Evaluation Report and 5-Year Action Plan

On February 18, 2016, NYCHA presented the FY 2016 Capital Fund Annual Statement/Performance and Evaluation Report and 5-Year Capital Plan to the Resident Advisory Board (RAB) for its review and comments. The Annual Statement/Performance and Evaluation Report used to identify NYCHA's upcoming capital activities for the public housing developments in 2016. The 5-Year Action Plan describes NYCHA's long-term planned capital improvement projects. Residents and the public are encouraged to attend the April 5, 2016 public hearing on the proposed Amendment and FY 2016 Capital Fund.

NYCHA's FY 2016 Capital Fund Annual Statement/Performance and Evaluation Report and 5-Year Capital Plan are included in the Amendment in Attachment B, on pages 18 through page 31.