

Executive Summary

NYCHA's Proposed Amendment to the Agency Plan for FY 2014

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

NYCHA's Proposed Amendment to the Agency Plan for FY 2014 was 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 held six town hall meetings during June and a public hearing at the Borough of Manhattan Community College (BMCC) in Manhattan on July 24, 2014. NYCHA accepted written comments on the Proposed Amendment at its post office box and by fax and email through July 24, 2014. Please see the Notice on page 5. NYCHA met with the Resident Advisory Board ("RAB") members for their comments on May 15, May 22 and July 23, 2014.

NYCHA's Proposed Amendment will be submitted to the U.S. Department of Housing and Urban Development ("HUD") on July 25, 2014. NYCHA intends to request an expedited review of the Amendment by HUD.

Tenant Selection and Assignment Plan (TSAP) Modification

As part of Mayor de Blasio's commitment to leveraging existing City resources to reduce the number of families in homeless shelters and to meet local housing needs, the New York City Housing Authority (NYCHA) will re-instate the policy to give homeless families in Department of Homeless Services (DHS) shelters the highest priority level for NYCHA public housing. The census of families with children in the DHS shelter system is at an all-time high. There were 11,224 families in shelter on average in June 2014, including 23,173 children. This represents an increase of 11 percent in families and 12 percent in children compared to June 2013. More than 54,000 people are in shelters on a nightly basis; the nightly vacancy rate is less than 1%. The length of stay for families is also at a record high, with families staying an average of 446 days, 10 percent longer than a year ago.

To meet local housing needs, NYCHA will upgrade the Need-Based priority for DHS-referred Homeless clients from N-4 to N-0 (the highest Need-Based priority). In addition to the Need-Based priority change, NYCHA will also give preference to DHS homeless families who are on the NYCHA Working Family wait list. NYCHA has on average, over 5,000 public housing apartments that become available each year and will prioritize a number of units for assignment to homeless families. In addition, utilizing the City's public housing resources to address the homeless population is an important step in receiving New York State support for a homeless rental subsidy.

NYCHA's plan not only addresses local housing needs, but is also in line with the national objectives of using mainstream housing assistance programs as an essential part of achieving President Obama's goals of the 2010 Federal Strategic Plan to End Homelessness. The HUD Secretary has strongly encouraged public housing authorities to make special efforts to serve homeless households, including the establishment of limited preferences.

DHS-referred homeless families already have the highest priority for housing in NYCHA's Section 8 program. In support of the Mayor's Housing Plan, NYCHA will be connecting the homeless families currently holding this top priority and who are on the Section 8 waiting list with available Section 8 project-based units in the

Authority's 21 LLC developments; all vacant apartments in LLC II developments will be Section 8 project-based.

DHS will provide supportive services to the incoming homeless families to help them with a smooth transition into their new apartment. After move-in, the family will be assisted with services to help them stabilize in housing, as well as achieving and maintaining lease compliance.

Changes to Flat Rent Requirements – FY 2014 Omnibus Appropriations Act

The FY2014 Omnibus Appropriations Act (PL 113-76) provides funding for federal discretionary programs through September 30, 2014. Under Section 210 of the law, housing authorities are required to increase public housing Flat Rents to a minimum of 80 percent of Fair Market Rent (FMR). The Flat Rent provision requires all public housing authorities to make requisite adjustments in rent and to come into compliance with the law by June 1, 2014, except that no family's rent will increase by more than 35 percent in any year. The impact to NYCHA and its residents is significant.

The Brooke Amendment concerning income-based rents remains in effect even with this change in law., Rent will not exceed 30 percent of income because public housing residents will still pay the lower of the flat rent or 30 percent of income. As a consequence, while the Flat Rent law will result in an increase in rent for some households, any increase in rent will be subject to Brooke and may not exceed 30 percent of their income.

On May 20, 2014, HUD released PIH Notice 2014-12 (HA) providing implementation and guidance to housing authorities to achieve compliance with the new law.

HUD's PIH notice explains that, prior to the new law PHAs established flat rents based on the market rent of comparable units in the private, unassisted rental market. Under the new law, flat rents must now be:

- set at no less than 80 percent of the applicable Fair Market Rent (FMR); and
- PHAs may, but are not required to lower flat rents to 80 percent of the applicable FMR in years when the FMR decreases from the previous year. This provision applies to the FMRs published for fiscal year 2015 and beyond.

HUD will consider a PHA to be in compliance with the new law if it has initiated the public hearing process by no later than June 1, 2014. HUD also requires PHAs to begin applying the new flat rent schedules to recertifying households and to new residents beginning October 31, 2014.

The PIH Notice also provides that if the new flat rent amount increases the family's rental payment by more than 35 percent, then the new flat rent amount must be phased in to ensure that a family would not experience an increase in their rental payment of more than 35 percent in any one year. Further, PHAs have discretion to phase-in rent increases of 35 percent or less over a three-year period.

For years, NYCHA's highest-income residents generally have carried a lesser rent burden than its lowest-income families. Currently, more than 75 percent (132,032) of NYCHA's families pay their fair share of rent, while nearly a quarter of NYCHA's families (42,000) pay far less than 30 percent of their annual income towards rent. Families with the highest incomes pay less than 20 percent of their income towards rent, even though the average income of these families is more than double NYCHA's overall average income. NYCHA hereby amends its flat rent policies to comply with the legal requirements of the FY 2014 Appropriations Act and the guidance provided by HUD.

NYCHA will set the flat rent amount for each public housing unit so that the unit complies with the requirement that all flat rents be set at no less than 80 percent of FMR. The new flat rent amount will apply to all new public

housing program admissions effective October 31, 2014. For current public housing program participants that pay the flat rent amount, the new flat rent amount will be offered, as well as the income-based rental amount, at the next annual rental option starting with the 2014 fourth quarter annual income reviews.

- Flat Rent Households with incomes less than 60 percent Area Median Income (AMI) currently pay 50 percent of the Fair Market Rent (FMR) for their Flat Rent. In order to bring their rents into compliance with the Appropriations Act, NYCHA will increase their rents over the next five years until they reach 80 percent of FMR or the Brooke Amendment income-based rent, whichever is less. NYCHA will use the current Board approved rent increase of 10 percent for these households in the first year.
 - On June 17, 2014, HUD released the “Flat Rent FAQs” which noted on page 3, “if a PHA’s new flat rent amount is too substantial to phase in over three years, the full impact may be delayed by more than three years for families that reside in these PHAs’ jurisdiction.” There are approximately 15,000 Flat Rent Households at NYCHA with incomes less than 60 percent AMI. They have an average income of \$35,000 and an average current rent of \$657. NYCHA estimates that a 35 percent rent increase would result in an average rent increase of up to \$200 more per month for these families, which is a substantial impact. Increasing the Flat Rents over three years also results in a substantial average rent increase of up to \$125 per month. Given the substantial impacts of increasing the Flat Rents to 80 percent of FMR on these low income households, NYCHA will increase their rents over the next five years starting in October 2014. The proposed rent increase of 10 percent will result in an average increase of \$65 per month for next year.
- Flat Rent Households with incomes between 60 percent and 80 percent AMI currently pay 60 percent of the FMR for their Flat Rents. In order to bring their rents into compliance with the Appropriations Act, NYCHA will increase their rents over the next five years until they reach 80 percent of FMR or the Brooke Amendment income-based rent, whichever is less. NYCHA will use the current Board approved rent increase of 8 percent for these households in the first year.
 - There are approximately 10,000 Flat Rent Households at NYCHA with incomes between 60 percent and 80 percent AMI. They have an average income of \$49,000 and an average current rent of \$798. NYCHA estimates that a 35 percent rent increase would result in an average rent increase of up to \$244 more per month for these families, which is a substantial impact. Increasing the Flat Rents over three years also results in a substantial average rent increase of up to \$144 per month. Given the substantial impacts of increasing the Flat Rents to 80 percent of FMR on these low income households, NYCHA will increase their rents over the next five years starting in October 2014. The proposed rent increase of 8 percent will result in an average increase of \$66 per month for next year.
- Flat Rent Households at NYCHA with incomes between 80 percent and 100 percent AMI currently pay 75 percent of the FMR for their Flat Rents. In order to bring their rents into compliance with the FY 2014 Appropriations Act, NYCHA will use the current Board approved rent increase to raise their rents to 80 percent of FMR (or the Brooke Amendment income-based rent) in the next year.
- Flat Rent Households at NYCHA with incomes greater than 100 percent of AMI currently pay 85 percent of the FMR for their Flat Rent and are in compliance with the FY 2014 Appropriations Act.