

**Testimony from NYCHA's Chief Asset & Capital Management Officer Shaan Mavani  
\$78.34 Billion: NYCHA's Physical Needs Assessment  
Committee on Public Housing  
Friday, September 22, 2023 – 10 a.m.  
New York City Hall Council Chambers**

Chair Alexa Avilés, members of the Committee on Public Housing, other distinguished members of the City Council, NYCHA residents, community advocates, and members of the public: good morning. I am Shaan Mavani, NYCHA's Chief Asset and Capital Management Officer. I am pleased to be joined by Vice President of Design and Construction for Real Estate Development Matthew Charney and Senior Vice President of Intergovernmental Affairs Brian Honan.

Thank you for this opportunity to discuss the significant capital needs across NYCHA's portfolio and the ways we are addressing them to bring residents the quality of life they deserve. Our number one priority is to ensure the health and safety of our properties – for today's residents and the generations to come – and there are a number of critical housing preservation initiatives underway to comprehensively rehabilitate NYCHA developments and better support the communities we serve.

**NYCHA's 2023 Physical Needs Assessment**

NYCHA's 2023 Physical Needs Assessment (PNA) estimates the 20-year physical needs at \$78.3 billion across 264 public housing properties that NYCHA currently directly manages, comprising 161,400 apartments. This represents a 73 percent increase from the 2017 PNA's total estimated needs of \$45.3 billion.

The PNA is a critical resource for effectively evaluating capital investment needs, as well as for planning and prioritizing capital investments, across our properties. Conducted approximately every five years as recommended by the U.S. Department of Housing and Urban Development (HUD), the PNA involves assessing when in the next 20 years the physical assets that make up NYCHA's buildings and campuses will require replacement or upgrade, and then estimating the costs for these renovations based on current market prices and NYCHA's recent contracts.

NYCHA has undertaken PNAs since 2006. A 20-year capital investment outlook is recommended by HUD as it is a real estate industry standard, and it captures the magnitude of capital investment required to comprehensively address the conditions of NYCHA's aging

buildings and campuses to bring them to a state of good repair and ensure their long-term viability. Going forward, NYCHA will update the 2023 PNA results on an annual basis. This will ensure that estimates can reflect both increases in needs due to market price escalation or other causes, as well as needs addressed through completed capital projects and other programs.

### **The PNA Process**

NYCHA's 2017 PNA included architectural and engineering assessments at all buildings and grounds for more than 300 NYCHA properties, and it generated over 40,000 data points and hundreds of reports. Many physical assets and building systems were found to be close to, at, or beyond their useful life. Because the 2017 PNA collected so much baseline information for assessing asset conditions and modeling future deterioration, NYCHA focused the 2023 PNA on inspections at a representative sample of 30 properties with approximately 29,000 apartments. The purpose of these on-site inspections was to verify and update the asset deterioration forecasts applied to all properties, as is common practice in the industry.

This was done through surveys and interviews of property staff and resident leaders at these sites; joint walkthroughs; and architectural and engineering assessments in all buildings, 10 to 15 percent of apartments in each property, and the grounds. While physical needs assessments typically focus on visual inspection of physical assets, one apartment wall was opened for a sample of apartments and buildings at different properties to also allow assessment of the condition of piping and other elements behind the walls.

Data from various recent analyses, work order data, environmental testing results, and field assessments undertaken by NYCHA were also used in the 2023 PNA to further validate the inspection results and to incorporate new areas of scope not included in 2017, such as lead-based paint abatement, decarbonization of heating systems, and open spaces enhancements.

### **Growing Needs and Costs**

*[Presentation slide 2]*

Approximately two-thirds of the 73 percent increase from the 2017 to the 2023 PNA is driven by market price escalation, and the remaining one-third by the additional scope areas I mentioned,

accelerated asset deterioration and methodology refinements. I would also like to note that the 2023 PNA figure excludes approximately \$10.5 billion of needs already addressed since 2017 through completed capital projects and the PACT program.

*[Presentation slide 3]*

Fifty-four percent (or \$42.1 billion) of the total need identified relates to assets already at the end of their useful life and requiring replacement immediately or within the next year, and 77 percent (or \$60.3 billion) of the total need identified relates to assets requiring replacement within the next five years. Thus, while the PNA is a 20-year physical needs estimate, the majority of these needs require capital investment in the very short term.

*[Presentation slide 4]*

NYCHA's capital investments are currently focused on major building systems in line with the requirements of the HUD Agreement – including heating systems, elevators, waste management infrastructure, building exteriors to reduce mold, and lead-based paint abatement – as well as safety and security-related systems. Apartments therefore comprise the largest share of physical needs, followed by additional investments required in heating systems, building exteriors, and plumbing. These areas together account for \$57.8 billion (or 74 percent) of the total physical needs. The remaining 26 percent comprise a range of building systems and components as well as grounds improvements.

*[Presentation slide 5]*

The per-apartment average physical need, including all assets within the buildings and campuses, is approximately \$485,000. Of course, the level of physical needs can vary significantly among properties: buildings comprising 61 percent of NYCHA apartments have less than \$500,000 in per-apartment physical needs while 39 percent require more than \$500,000 of investment. In addition, the actual cost of any individual project to address specific assets at each property can vary significantly from these figures due to factors such as the project's particular scope of work and procurement approach.

## **Strategies to Address the Massive Needs**

*[Presentation slide 6]*

To tackle these enormous needs, we are executing a large capital projects portfolio as well as pursuing a variety of innovative and vital housing preservation initiatives. We must use every tool and strategy available to improve residents' quality of life through desperately needed investment.

We believe that approximately \$38 billion (or 49 percent) of the 20-year PNA estimate can be addressed through ongoing and planned capital projects, the PACT program, and the Public Housing Preservation Trust. There are currently more than 750 ongoing and planned capital projects focused on almost \$5 billion of investment in individual building systems and components or comprehensive modernization of properties. In collaboration with our partners, we aim to fully rehabilitate an additional 47,000 apartments through PACT, and the Public Housing Preservation Trust law currently allows for the comprehensive renovation of 25,000 apartments.

### **Progress for the Present and for Posterity**

The majority of NYCHA's properties are more than a half century old, and they have not received the regular investment that all buildings require to remain in a state of good repair. Our mission is to bring our developments the massive investment needed through all avenues possible, to support the health, safety, and quality of life of NYCHA families. Funding is required from all levels of government, in particular the State and federal government, to help address these needs. Thank you for your partnership as we ensure that NYCHA remains a vital bastion of affordable housing for the decades to come.

Thank you. We are happy to answer any questions you may have.