



NEW YORK STATE SENATOR

Brian Kavanagh

Forwarding: NYCHA Presents a Blueprint for Change at NY Housing Conference's 2020 Summer Series

BRIAN KAVANAGH July 28, 2020

| ISSUE: **HOUSING, NYCHA, AFFORDABLE HOUSING, PUBLIC HOUSING, HEALTH AND SAFETY**

| COMMITTEE: **HOUSING, CONSTRUCTION AND COMMUNITY DEVELOPMENT**



NYCHA PRESENTS A BLUEPRINT FOR CHANGE AT NEW YORK HOUSING CONFERENCE'S 2020 SUMMER SERIES

Long-term Strategy Includes Establishing a Public Housing Preservation Trust and a Stabilization Plan for Every Building

July 28, 2020, New York, New York – NYCHA Chair & CEO Gregory Russ today presented *A Blueprint for Change* at the New York Housing Conference's (NYHC) 2020 Rising Leaders Network Summer Series.

The Blueprint document is a set of ideas that outlines potential pathways for the Authority's reorganization and investing of capital to stabilize and improve its properties, with additional impacts that could drive jobs and recovery strategies. The document begins a discussion on methods and approaches to improve and preserve NYCHA's more than 300 developments and 175,000 apartments for generations to come. The capital strategy includes the creation of a Public Housing Preservation Trust, that would enable the Authority to address \$18 billion to \$25 billion in capital need across roughly 110,000 apartments. When combined with NYCHA 2.0 strategies across the other 62,000 apartments, the stabilization strategy will address the physical needs across the entire portfolio.

The webinar meeting had 273 participants, including local and national leaders working in the affordable housing community. NYHC is a nonprofit affordable housing policy and advocacy organization that advances City, State, and federal policies and funding to support the development and preservation of decent and affordable housing for all New Yorkers. NYHC Executive Director Rachel Fee delivered introductory remarks and moderated a Q&A following Chair Russ's presentation.

"As the largest public housing authority in the nation, NYCHA confronts complex and unique challenges, and at the same time, our scale and dramatic need provide an opportunity for us to be more innovative than ever before," said **NYCHA Chair & CEO Gregory Russ**.

"NYCHA is doing the work to transform its organizational structure and operations, and sustain compliance and ongoing accountability, and now we are poised to pursue a recapitalization plan for the entire portfolio. Our Blueprint document offers a set of options that can position us as a stable, sustainable resource in New York City, which we have served

since 1935 and will continue to serve for generations to come.”

"*A Blueprint for Change* is a comprehensive and innovative strategy that will enable NYCHA to provide for residents' needs and preserve its housing portfolio for decades to come," said **New York City Deputy Mayor Vicki Been**. "Complementing the 62,000 units addressed through NYCHA 2.0, NYCHA's Blueprint for Change is an important next step in the agency's plan to bring comprehensive repairs to every building in its portfolio. This proposed investment will not only improve the lives of New Yorkers in public housing but also contribute to an equitable, robust economic recovery for New York City."

"This is a promising new strategy to preserve public housing and the first solution we have seen to finance all 175,000 units in desperate need of repairs," said **New York Housing Conference Executive Director Rachel Fee**. "It is comprehensive, including financing solutions, energy savings and full rehabilitation to correct deficiencies. It is a vision that residents can build on and political leaders should support."

"We have had a long, hard struggle in New York to get our public housing back on track," said **New York State Senator and Chair of the State Senate Housing Committee Brian Kavanagh**. "For so many years, inadequate funding for maintenance and capital repairs, operational difficulties, and failures of basic services have undermined the quality and safety of the homes of nearly half a million New Yorkers. In this context, I applaud the efforts of Greg Russ and the Housing Authority staff to put forth the Blueprint for Change, which aims to fundamentally rethink the way public housing operates and dramatically improve living conditions. I look forward to working with NYCHA, resident leaders, my elected colleagues, and the many organizations and individuals who care about the future of public housing to address the challenges of bringing about such a far-reaching transformation, and to ensure that the State legislation that will be needed to authorize this program serves to maximize its chances of success, while securing the rights of current and future residents."

“NYCHA’s *Blueprint for Change* is an innovative approach to overcoming the almost insurmountable capital need facing the Authority, and I applaud the Chair and his staff for this well-thought-out proposal to secure and maximize resources while ensuring continued public oversight and critical protections for residents,” said **New York State Assembly Member and Chair of the Housing Committee Steven Cymbrowitz**. “I look forward to working with NYCHA and my colleagues in the Legislature to develop legislation that will help make the Preservation Trust a reality and, as always, remain committed to doing all I can to assist NYCHA at a time when so much is at stake for the hundreds of thousands of New Yorkers who call its developments home.”

“As I advocate for safe and healthy housing for NYCHA residents, we must also fight for funding to make sure we protect and preserve our public housing stock,” said **New York City Council Member and Chair of the Public Housing Committee Alicka Ampry-Samuel**. “This new *Blueprint for Change*, which calls on legislators to establish a Public Housing Preservation Trust, is a vision I look forward to exploring, in the hopes of ensuring residents are able to participate in the management and possible ownership structures. Today we have an opportunity to include the talents and skills of all residents and plan for preservation of public housing that is inclusive of the people I took an oath to represent.”

“If enacted with federal and state support, the plan would manage to stabilize the finances of NYCHA, as well as the living conditions of the housing stock it manages, without compromising the integrity of public housing as a public good,” said **New York City Council Member and Chair of the Oversight and Investigations Committee Ritchie Torres**. “It represents the boldest vision for preservation that NYCHA has ever presented to the public. Instead of a public-private partnership, which has been cause for controversy, the new plan envisions a purely public partnership. The NYCHA Preservation Trust would be to NYCHA what the School Construction Authority has long been to the Department of Education: a partnership

owned by the public and operated for the public good. The rationale for the Housing Trust is simple: the ability to access Tenant Protection Vouchers (TPV), which would both generate greater operating funds for each unit of housing and enable billions of dollars in new capital investment. Simply put, a NYCHA Preservation Housing Trust – for, by, and of the people – would provide the benefit of preservation without the cost of privatization.”

"Ambitious and creative plans like this one are a crucial first step for preserving NYCHA's entire housing portfolio and making much-needed repairs and improvements across NYCHA homes," said **Vice President and New York Market Leader of Enterprise Community Partners Judi Kende**. "Stable, quality public housing is an essential foundation for more equitable communities and opportunity across our city. NYCHA's residents continue to speak out about needed repairs, including stable heating and cooling systems, hot water, playgrounds, and better technology to keep their buildings safe; in enacting the *Blueprint for Change*, we urge NYCHA to prioritize partnership with residents and the protection of rights, including affordability."

"The Building Trades is excited to work with NYCHA on its comprehensive plan to reimagine how NYCHA can deliver on its mission," said **Building & Construction Trades Council of Greater New York President Gary LaBarbera**. "NYCHA has engaged in the kind of creative, fact-based, forward-thinking analysis that essentially will recreate the way NYCHA does business and meets the needs of New Yorkers. With this plan, NYCHA can create a future where it is possible to provide affordable housing, protect tenant health and safety, improve housing quality standards for all tenants, and create good middle-class jobs in the process. The Building Trades is proud to work with NYCHA on its vision for a better future."

"CLPHA applauds NYCHA's promising and innovative new strategy to preserve, protect, and improve the nation's largest public housing portfolio," said **Council of Large Public Housing Authorities (CLPHA) Executive Director Sunia Zaterman**. "This is the largest undertaking of its

kind offering not just a band-aid, but a comprehensive approach to recapitalizing the entire portfolio of 175,000 units in desperate need of repair and rehabilitation. NYCHA's plan is notable for its sheer scope and impact, encompassing health and safety improvements, energy savings, and building upgrades while maintaining public ownership and oversight. NYCHA's financing model has the potential to unlock considerable new capital investment for housing authorities across the country."

"The proposed Public Housing Preservation Trust presented in *A Blueprint for Change* is the kind of innovative thinking that NYCHA residents, and all New Yorkers, have been waiting for," said **Citizens Housing & Planning Council Executive Director Jessica Katz**. "It is imperative that we use all of the tools at our disposal to recapitalize NYCHA properties, so that we can preserve this crucial affordable housing stock for generations to come. For the first time ever, NYCHA has a plan to invest in and stabilize all of its apartments, and we are excited to be a part of the ongoing discussion and solution."

"Throughout its history, NYCHA has been a national model for successful public housing," said **United Neighborhood Houses Executive Director Susan Stamler**. "We have the opportunity to do so again, and this innovative recovery plan lays out the first steps towards realizing NYCHA's potential. As the membership organization for New York's settlement houses and a partner to NYCHA dating back to its founding, United Neighborhood Houses is pleased to see priority given to addressing quality of life concerns in NYCHA's residential facilities. We also applaud NYCHA's broader goals of improving conditions in the community centers where critical social services are offered to NYCHA communities."

"Fixing NYCHA housing units and improving quality of life for residents requires bold plans and cooperation among all NYCHA stakeholders," said **President of the Citizens Budget Commission Andrew S. Rein**. "While key details will be important and obstacles need to be overcome, the *Blueprint for Change* has the potential to leverage significant resources and,

importantly, to improve the speed and efficiency of urgently needed capital work. The Blueprint's innovative approach is just the kind that deserves support from federal and state leaders, labor, and residents."

"LISC NYC understands that housing stability is central to the economic, social, and physical well-being of New Yorkers," said **Local Initiatives Support Corporation (LISC) NYC Executive Director Valerie White**. "We support NYCHA's unprecedented plan to improve operational accountability and transform critical building standards and services across its portfolio. The future of New York City housing depends on this kind of bold commitment citywide."

A Blueprint for Change outlines several areas of focus: the work currently underway to rebuild NYCHA's organizational structure and overhaul business operations and the Stabilization Plan, which is the Authority's approach for recapitalizing the entire portfolio and fulfilling all compliance requirements of the HUD agreement.

A Blueprint for Change offers:

- A proposed **Public Housing Preservation Trust**, which would allow NYCHA to rehab buildings using an end-to-end public process; ensure capital work is done with a public entity; and retain NYCHA's public, represented workforce.
- The first-ever **comprehensive plan for every property and every building** in NYCHA's portfolio.
- Foundational changes to ensure **ongoing compliance, environmental health and safety, and quality assurance** and that basic Housing Quality Standards are met.
- A plan and process for transforming **NYCHA's organizational structure and business operations** to create a **culture of service** for residents.
- **Resident rights, protections, and affordability** in perpetuity.

- Use of **green building technology for retrofits**, which would drive down utility costs and decarbonize the Authority.
- Investment in **quality jobs and catalyzation of NYC's economic recovery**.

Background

In partnership with the Federal Monitor team, NYCHA implemented compliance, environmental health and safety, and quality assurance policies and programs, and is delivering ongoing improvements in areas that most affect residents, to improve residents' quality of life, create foundational change, and comply with the 2019 HUD agreement.

NYCHA is also in the process of transforming the Authority's organizational structure and the way it does business. In January 2020, the Authority began engaging residents, employees, and external partners to revolutionize property operations from the building-level up.

The goal is to develop an organizational plan by fall 2020 that empowers property managers to better respond to building conditions. NYCHA's organizational transformation also institutes property-based budgeting, brings central office support functions to the front line, and creates neighborhood portfolios that make the most efficient use of the Authority's resources.

NYCHA must also stabilize its properties and apartments with a strategy for upfront and ongoing capital investment. Currently, NYCHA's 175,000 apartments have \$40 billion in repair needs, a figure that grows at the rate of about \$1 billion a year.

With *NYCHA 2.0's* PACT program, the Authority is financing the full renovation of 62,000 apartments, over one-third of the portfolio. The "Build to Preserve" initiative and air rights

sales will provide for major repairs at additional apartments.

NYCHA has converted nearly 8,000 apartments through PACT. Full repairs are underway at these buildings – with over \$1 billion being invested in them.

However, 110,000 apartments remain in need of substantial capital investment – for critical health and quality-of-life issues such as mold, lead, and pest abatement, to new heating and elevator systems.

NYCHA estimates that it could cost approximately \$18 billion to prevent further deterioration and bring these 110,000 apartments into compliance with the HUD agreement and basic Housing Quality Standards.

A Blueprint for Change calls for legislation that will establish a Public Housing Preservation Trust. The Trust will be a State-created public benefit corporation designed to complete massive levels of construction and enter into long-term ground leases with NYCHA to access Tenant Protection Vouchers (TPV). Much like the School Construction Authority does for the New York City Department of Education, the Trust will be able to use flexible procurement methods to expedite badly needed repairs to NYCHA developments. Legislation will also include resident rights and protections as well as affordability standards, thus codifying them into State law.

TPVs are HUD's most valuable voucher, worth nearly twice as much as other federal funding sources. NYCHA projects that all 110,000 apartments are eligible for these TPVs because they are in such weak condition and meet HUD's "obsolescence" criteria.

NYCHA proposes using TPV subsidy as collateral to raise upfront debt. NYCHA would then be able to raise enough upfront capital funding to stabilize all 110,000 apartments. This approach allows NYCHA to stretch the federal dollar further – for every \$1 in federal TPV

subsidy, the Authority could complete over \$6 in capital repairs.

And the Public Housing Preservation Trust ensures a fully public process and public ownership. NYCHA, which remains the owner of the land and the buildings, would enter into a long-term ground lease with the Trust; the Trust would oversee the capital construction improvements, while NYCHA staff continue to maintain and manage the properties.

This is the first time in NYCHA's history that it has had a comprehensive improvement plan for every single one of its buildings. This would be the largest investment in New York City's public housing since the 1950s – an investment that would help the city recover economically from the COVID-19 pandemic, bringing job training and jobs and healthier homes to residents and tax revenues for the City and State. Renovations would also include the latest energy-efficient technologies and features, fostering a greener and cleaner NYCHA.

NYCHA is in the process of engaging residents, stakeholders, and elected officials to gather feedback around these ideas. NYCHA will continue and expand these conversations over the coming weeks and months, including by working with the State Legislature on authorizing the Public Housing Preservation Trust and with federal partners on TPV appropriations and financing mechanisms.

###