

Executive Summary

NYCHA's Agency Plan for FY 2009

Federal law requires housing authorities to develop, with input from residents of public housing, Section 8, elected officials and the public, a plan that sets forth its major initiatives for the coming year.

In publishing this Agency Plan for FY 2009, the New York City Housing Authority (NYCHA) reached out to the public, elected officials and interested residents to elicit their comments and recommendations. To facilitate such comments, the Authority held five (5) town hall meetings during the month of June and a public hearing at The Manhattan Center on August 13, 2008. In addition, written comments on the Draft Agency Plan for FY 2009 were accepted through the post office box that NYCHA maintained during the statutory review period which ended on August 22, 2008.

Following the public hearing, the Authority met with the Resident Advisory Board (RAB) to obtain their final comments. The Authority revised the FY 2009 Agency Plan based upon comments received from both the RAB and the public. The final plan will be submitted to the U.S. Department of Housing and Urban Development (HUD) by October 17, 2008. HUD then has 75 days in which to review and approve the plan. The plan will be in effect during Calendar Year 2009.

The Agency Plan for FY 2009 is available for public review at the Authority's main office and is available at all times on NYCHA's web page, which is located at www.nyc.gov/nycha. Copies of the Agency Plan for FY 2009 are also available at each development's Management Office and have been provided to each public housing Resident Association President.

NYCHA's priorities for the coming year are outlined on the following pages. In 2008/9, these include achieving fiscal stability in light of reduced federal funding, preserving our existing public housing stock, expanding the stock of affordable housing, improving customer service and quality of life for NYCHA's residents through operational efficiencies and the greening of public housing.

Achieving Fiscal Stability

On January 23, 2008, the NYCHA Board approved a Fiscal Year 2008 Preliminary Operating Budget and Four Year Financial Plan. The FY 2008 budget deficit is currently estimated to be \$183.1 million and \$177.5 for FY 2009 caused in large part by chronic Federal underfunding, as well as un-reimbursed costs and increases in non-discretionary labor costs.

NYCHA has implemented a range of actions to reduce its spending, including cutting the budget by over \$527 million since 2003, reducing its head count by more than 2,000 positions since 2002, reducing redundant layers of bureaucracy and streamlining internal administrative processes. The Preliminary Budget included the elimination of 427 positions through layoffs, attrition and the removal of vacancies as well as the closing of 19 community centers. The Authority secured new revenue sources that will help trim the deficit in the long term, including the increase in the New York State Shelter Rent Allowance (passed last year in Albany) and the overall plan for the Section 8 Transition of 8,400 units within NYCHA's City and State developments was approved by HUD in September 2008. These new revenue sources will yield over \$121 million in new monies once fully phased in by FY 2011.

Federal, State and City Budget Impacts

The President's budget for FY 2009 continues to underfund the nation's public housing program. While the budget would increase the Operating Fund appropriation by \$100 million from the 2008 funding level, this funding level is about \$1.1 billion short of the necessary national appropriation of \$5.3 billion. Unless Congress takes action to correct the funding level proposed by the President, NYCHA will receive pro-rated assistance for the seventh straight year. NYCHA has been informed unofficially that it may receive an

increase to 89 cents on the dollar in FY 2009. Increases in non-discretionary costs (fuel, pensions, collective bargaining, etc.) and the lack of dedicated funding for 21 developments originally built by the State and City, will result in the Authority facing a \$177.5 million structural deficit again in 2009.

The national Public Housing Capital Fund, providing grants for replacing major building elements or systems, is recommended for a \$415 million reduction (representing a 17 percent cut in assistance), from \$2.439 billion to \$2.024 billion. That sum is not sufficient to address the Authority's capital needs accruing during the year and does not provide funding to address the growing backlog of capital needs. Currently an independent needs assessment identified \$6 billion in short-term capital needs in the next five years. Additionally, the President's Budget includes \$88.6 million in set-asides that do not involve capital improvements to public housing. The federal FY 2008 appropriation is identical to the amounts appropriated for FYs 2007 and 2006. Considering inflation, the FY 2008 appropriation represents a funding reduction. The proper funding target for the Capital Fund in FY 2009 is \$3.5 billion nationally.

The renewal of Section 8 vouchers for the nearly 2 million low-income families assisted under the program nationally will cost an estimated \$15.5 billion in 2009, which is \$868 million above the 2008 funding level and \$1.3 billion above the President's 2009 request. Should Congress adopt the Budget proposed by the President, there would be insufficient funding to renew at least 100,000 housing vouchers now used by low-income families across the nation.

The federal fiscal year began on October 1st with the federal government funded through a continuing resolution until March 6, 2009, which will keep appropriations at the FY 2008 level.

NYCHA continues to advocate for a renewal of the New York State's subsidy to finance the 15 State-built developments, which costs NYCHA an estimated \$62 million per year to operate. The State's FY 2007 Budget provided \$3.4 million in operating assistance and \$1.4 million for a new tenant patrol subsidy program for State built developments. In the State's FY 2008 budget, the tenant patrol subsidy was funded; however, the State provided zero (\$0) dollars in operating assistance. This year's budget also included an additional \$2.5 million in capital funding. We remain hopeful that a supplemental appropriation will be approved providing NYCHA with much needed funding for 2008.

The Authority will receive assistance from the City of New York, including \$50 million for vacant public housing land to be used for the development of additional affordable housing and \$100 million for public housing capital improvements in addition to the City's share of the increased shelter allowance payments.

In May 2008, NYCHA Chairman Tino Hernandez announced that community and senior programs operated by the Authority were in jeopardy as a result of budget shortfalls. The City Fiscal Year Budget for 2009 includes \$18 million to fund senior and community programs operated by the Department for the Aging, which is not sufficient to continue, at current levels, programs at NYCHA based senior and community facilities.

Transition of City and State Developments to Section 8 Funding

Twenty-one of NYCHA's 343 public housing properties were never fully federalized. As a result, those developments are not included in the formula that determines NYCHA's Federal public housing subsidies, but are allowed to share in the funding NYCHA receives to administer its public housing program. Without direct funding allocated for these developments, NYCHA has had to operate 343 developments with funding allocations meant for 322 developments. In October 2006, as part of its overall Plan to Preserve Public Housing, NYCHA submitted Section 8 Voluntary Transition Plans to HUD which would move 8,400 City and State apartments into the Section 8 Program as they become vacant. On September 11, 2008, HUD approved NYCHA's implementation plan for the 20 remaining developments.

Funding for the first year of the program will be drawn from available reserve funds. Funding thereafter will be renewed annually from Congressional appropriations. Once fully implemented in 2011, the Voluntary Transition Plan will result in \$75 million in new revenue to support these public housing developments.

Proposed Targeted Rent Initiative

In an effort to generate revenue while creating a more equitable rent structure, the Annual Plan for FY 2009 includes a proposal to increase rents for that segment of NYCHA's households who have the highest household incomes. The vast majority of NYCHA's households (72 percent) who pay 30 percent of their incomes for rent will not be impacted by this increase. If the proposal is approved as part of the Annual Plan, 28% of NYCHA's households, or 49,374 households who pay on average 20 percent of their income for rent, will have their rent adjusted. These households will be divided into three (3) income bands and rent increases will be 5 percent, 10 percent and 15 percent, respectively.

Public Housing Shelter Allowance

The New York State Shelter Allowance Bill was signed into law on August 15, 2007. This legislation creates parity between public housing authorities and private landlords by requiring the New York State Office of Temporary and Disability Assistance to pay public housing authorities the same shelter allowance it pays private landlords when renting to tenants whose income consists of public assistance. The law accelerates the State's proposed schedule of capped increases from 10 years to 3 years. Once fully phased in by the year 2010, NYCHA will realize a total annual revenue increase of \$47 million.

On April 2, 2008, the National Association of Housing and Redevelopment Officials (NAHRO) presented the 2008 Mary K. Nenno Advocacy Award to NYCHA for its outstanding effort and achievement in the area of legislative advocacy. Specifically, NYCHA was recognized for building a coalition of residents, union members, housing advocates and elected officials that successfully pressed the State for passage of the New York State Shelter Allowance Bill.

Consolidation of Functions

NYCHA has also taken initiatives to reduce redundant layers of bureaucracy and streamline internal administrative processes. The Leased Housing Department, which administers the Authority's Section 8 Voucher Program, was consolidated with NYCHA's public housing operations in March 2008. The merging of the Leased Housing and Operations Departments, will facilitate automating and streamlining recordkeeping, centralizing inspections and responding to all requests for service through the Centralized Call Center (CCC). This consolidation reflects the first step in a long term effort, spurred by NYCHA's Improving Customer Experience (NICE) Service Project to consolidate similar functions and services across departments. In addition, 19 underutilized community centers will be consolidated with nearby existing facilities and 8 management offices were consolidated into four existing locations.

Additionally, NYCHA's Capital Projects Division adjusted its program unit structure in January 2008 to a borough based operation. Three new borough-based program units have been created (Manhattan, Bronx/Queens and Brooklyn/Staten Island) which replace the prior structure that grouped construction projects by work type. The new units will allow the Capital Projects Division to better respond to residents and Borough Management, improving the quality and timeliness of projects.

Preservation of NYCHA's Existing Housing Stock

On average 62 percent of NYCHA's 2,636 buildings are more than forty (40) years old. NYCHA is constantly challenged to maintain these older buildings' systems and infrastructure at a significant expense to the operating budget. Mayor Bloomberg announced in February 2005, the most comprehensive plan in the City's history to modernize and preserve thousands of units of public housing. Through this plan, NYCHA will sell up to \$700 million in bonds to finance and accelerate vital construction initiatives as a part of the capital fund financing program. In May of 2005, NYCHA issued \$300 million in bonds, in

conjunction with the New York City Housing Development Corporation to address these critical capital needs. Construction on structural, brickwork and roof replacements began in 2005 and currently includes 35 NYCHA developments and 135 buildings. Approximately 76 percent of the bond proceeds have been spent. NYCHA is working with HUD to gain approval for the issuance of a second round of bonds totaling \$400 million. In 2009, the proceeds from the bond issuance will be used for additional exterior building restoration work.

The Capital program continues to manage the majority of its projects through the Construction Management/Build Program (CM/Build), which was established in the fall of 2003. NYCHA currently has seventeen (17) contracts with CM firms. These contracts are focused primarily on repairs to building exteriors such as brickwork, concrete repairs and roof replacements. Highlights of NYCHA's \$2.7 billion Five Year Capital Plan include Authority-wide brick and roof projects totaling \$540 million, major renovations at Randolph Houses totaling \$53 million, apartment renovations at Whitman and Ingersoll Houses totaling \$40 million (bringing the total project costs to \$175 million) and kitchen renovations at Jefferson and Riis Houses totaling \$39 million.

Increasing New York City's Stock of Affordable Housing

As part of Mayor Michael R. Bloomberg's New Housing Marketplace Plan to produce 165,000 units of affordable housing by the end of 2013, NYCHA currently has nearly 2,500 units in the pipeline for redevelopment.

In December 2006, the New York City Department of Housing Preservation and Development and NYCHA jointly issued three RFPs for an estimated total of 1,000 units on three West Side sites in Manhattan, one site in East Harlem, and one site in Brooklyn. The three West Side sites include the development of affordable housing at Fulton Houses, Chelsea-Elliot Houses, and Harborview Terrace. The East Harlem site consists of the redevelopment of 17 buildings at Metro North Rehab. The Brooklyn site at Linden and Boulevard Houses will provide opportunities for affordable homeownership of two- and three-family townhouses with priority given to NYCHA residents. Selected developers were announced in September and December 2007, respectively. An RFP for four sites in the Bronx was released in September 2007. This latest round of HPD/NYCHA collaboration will add approximately 1,000 units to the affordable housing inventory.

On November 29, 2007, NYCHA, HPD, the New York City Housing Development Corporation (HDC) and Phipps Houses broke ground at Fabria Houses for the rehabilitation and construction of 65 new units of affordable housing. The construction completion date is projected by the end of 2008.

NYCHA continues to work with the City to identify vacant or underutilized land within the Authority's portfolio. This land, to be developed following the issuance of requests for proposals, will increase the supply of affordable housing and generate income for the on-going operation and maintenance of existing public housing stock. In anticipation of private sector site acquisition and development of these sites, NYCHA and the City are negotiating a minimum \$50 million acquisition fee to offset a portion of NYCHA's current budget deficit.

Section 8

As a result of additional Federal and City funding availability, NYCHA's Section 8 program is focused on reestablishing a high volume rental pipeline to add new applicants. From February through May 2007, NYCHA reopened the Section 8 waiting list for the first time in 12 years to make available 22,000 additional Section 8 vouchers. By the end of 2007, there were 8,522 new rentals in the program which is more than double the total rentals which took place in 2006. So far in 2008 through August, another 8,215 rentals have been completed, bringing the total since January 2007 to 16,737.

On April 16, 2008, HUD announced the award of 1,015 new Section 8 vouchers specifically for homeless veterans. New York City was awarded \$9.4 million to be administered by NYCHA and the NYC Department of Homeless Services to permanently house more than 1,000 homeless veterans, which will continue the work of the New York City and Veteran's Administration (VA) taskforce that aims to end veteran homelessness. In addition, the VA and HUD will link local public housing agencies with VA Medical Centers to provide supportive services and case management to eligible homeless veterans.

Improving Customer Service

Centralized Call Center

In 2005, NYCHA implemented the Centralized Call Center (CCC) for residents living in developments in Staten Island and Queens. At the end of 2007 all residents of public housing were serviced by the CCC, which allows residents to schedule all routine maintenance repairs and report emergencies 24 hours per day, seven days per week. In February 2008, Section 8 customers in the Bronx began using the CCC to schedule appointments for the Bronx Application office. NYCHA's review of the CCC program has demonstrated that the CCC is maintaining a customer satisfaction rate of over 98 percent and has a first call resolution rate of 80 percent. NYCHA receives over two million maintenance requests per year and in 2008 through August 31st, received 1,462,699 calls.

Computerized Heating Automation System (CHAS)

The Computerized Heating Automation System (CHAS) is an Authority-wide heating plant management technology program that provides remote monitoring and management of NYCHA's 210 large central heating plants. Under CHAS, operational data from multiple manufacturers' automated boiler-room/building control panels is accessible through an enterprise level software application from any internet-equipped personal computer. CHAS supports NYCHA's Borough Management-based heating maintenance model and also integrates with NYCHA's CCC, where residents can report heating issues 24-hours per day, seven days per week.

In March 2008, nine individual CHAS management reports were deployed as a new CHAS application model. The reports aggregate boiler data by geographic area and highlight issues that may impact energy-efficiency, resident comfort and/or safety. The new reports are powerful tools that enable operations managers and executives to "manage by exception" and respond to issues before they become emergencies. Also, the reports enable NYCHA to optimize its heating facilities, contain energy costs, and curtail carbon emissions.

NYCHA Improving Customer Service Experience (NICE)

NYCHA has embarked on a two-year effort called NICE (NYCHA Improving Customer Experience) to improve its business processes and to update the tools needed to better serve our customers in the areas of Applications and Tenancy Administration, Leased Housing and Management Operations. The project will employ technology similar to the City's 311 service and expand the successful CCC to provide consistent and reliable information for all of our customers (applicants, residents, Section 8 families and their landlords and vendors). NICE will automate manual operations, thereby allowing staff to more efficiently process paperwork and free up more time to work with customers.

NYCHA's e-Payment Rent Option

On December 18, 2007, NYCHA launched a new ePayment option that enables NYCHA residents to pay their rent electronically via the NYCHA website. NYCHA residents now have the option to go online and have their rent payments electronically transferred from their checking or savings account directly to NYCHA. The ePayment system is quick, secure, and provides a service that has long been in demand by the residents. NYCHA continues to explore and engage the banking community to develop new payment methods that will encourage our residents to use traditional banks.

Improving Quality of Life and Operational Efficiencies.

Public Safety

Crime continues to decrease in public housing. From 2002 to 2007, serious crime fell by 16.96 percent. NYCHA and the New York City Police Department (NYPD) have instituted a number of initiatives to continue the downward trend in crime incidents and to further increase public safety.

CCTV

Through the innovative use of technology, police resources and the cooperation of local government, NYCHA has created a highly successful program to install small-scale closed circuit television systems (CCTV). For FY 2008, New York City Council Members allocated \$9.9 million dollars in funding for installation of CCTV at 30 NYCHA developments within the five boroughs. A total of 924 cameras will be installed to provide coverage for 90 residential buildings.

Since the inception of NYCHA's CCTV program, over 4,500 security surveillance cameras have been installed and are operational at 351 buildings in fifty-five developments citywide. The goal in 2008/2009 is to administer and complete installation of approximately 1,300 cameras in 130 buildings utilizing the most current technology for video recording and system management. CCTV security systems have been instrumental in improving the safety, security and quality of life for NYCHA residents, by reducing loitering and vandalism of NYCHA property and in assisting the NYPD in apprehending criminals as well as serving as evidence in court.

Community Programs

The Authority provides numerous education and recreation programs for youth and seniors through its network of community and senior centers. Since 1996, NYCHA has expended over \$220 million to renovate, expand or build 102 new state-of-the-art Community and Senior Centers. In 2007, four (4) community centers were completed: Boston Road, Latimer Gardens, Marlboro, and Queensbridge. By the end of 2008, ten (10) community centers are expected to be completed: Saratoga Village, Ingersoll, Marcus Garvey, Polo Grounds/Rangel, Richmond Terrace, Johnson, Betances, Ft. Washington, Bay View, and Stapleton.

NYCHA is in the process of reviewing all of its community programs to determine the level of services that will be provided in the future and continues to explore opportunities to leverage its capital and programmatic investments with external entities in an environment of shrinking financial resources. In City Fiscal Year 2007, the Authority successfully secured \$5.4 million in after-school services by participating in the Department of Youth and Community Development's Out of School Time (OST) initiative. As new community centers open, NYCHA will be looking for additional community-based partners to further supplement youth and senior services.

Resident Employment Opportunities

NYCHA is partnering with a host of training providers who accept referrals into training programs that offer a diversity of jobs skills training for NYCHA residents. Most training providers also offer job placement services for students who successfully complete training. In 2007, NYCHA's Department of Resident Employment Services' programs resulted in 461 job placements. As of June 30, 2008, RES programs resulted in 152 job placements.

In recent years HUD has offered a number of funding opportunities through its Resident Opportunity and Self Sufficiency (ROSS) Neighborhood Networks and Family and Homeownership competitive grant programs to improve the educational attainments and employment prospects of public housing residents.

NYCHA has taken full advantage of these opportunities and, since 2004 has won six grants totaling \$3.58 million. This funding has been, and is being used to expand technology centers in our community facilities and provide computer literacy, GED preparation, job search, employment training and placement services to over 3,300 residents. Five of these grant programs are still active, with two having been awarded in the past year.

On March 4, 2008, NYCHA's Resident Employment Services (RES) Department received a \$998,775 award from HUD for its 2007 ROSS grant application. This three-year grant will enable NYCHA and its partners, the City College of New York's Adult and Continuing Education and Year Up, Inc. to provide 100 NYCHA residents with technical and professional job training, college coursework and credit, paid apprenticeships, certification in several job titles, and multiple levels of support.

NYCHA's Pre-Apprenticeship Training Program (P-ATP) seeks to create permanent, highly skilled, and highly paid apprenticeship jobs in the building trades for NYCHA residents. As of August 25, 2008, 257 participants have completed the P-ATP and 173 have been placed in apprenticeship programs.

NYCHA's Green Agenda

In September 2007, Mayor Bloomberg and NYCHA Board Chairman Tino Hernandez appointed Board Member Margarita López as the Authority's Environmental Coordinator to spearhead green initiatives at the Authority. To that effect, NYCHA aims to become a leader when it comes to advancing PlaNYC, the City's strategy to reduce greenhouse gas emissions and make New York City the world's first great sustainable city of the 21st century. NYCHA and other government and energy-industry partners are actively pursuing an ambitious, multi-phase energy-efficiency building retrofit program. NYCHA believes that the Program will significantly and effectively advance HUD's public housing Energy Performance Contracting (EPC) and utility cost containment objectives. On October 1, 2008, NYCHA received HUD approval on the EPC Plan. With this approval, NYCHA can now proceed with the development of the detailed programs, contracts, time schedules and financing of its more than \$400 million energy performance program. The \$400 million represents the first phase of a multi-phase plan to implement hundreds of millions of dollars of energy oriented capital improvement of NYCHA's properties. The multi-phase energy performance contracting program is consistent with the City of New York's affordable housing and carbon reduction goals -- preserving public housing and ensuring a sustainable quality of life for citizens of New York City and for future generations to come.

In 2009, NYCHA will embark upon the design, procurement and construction-initiation steps of the building retrofit program's first phase, which includes: citywide deployment of instantaneous hot water heaters; indoor common-area and apartment lighting upgrades; and, replacement of 39 boiler rooms at 32 NYCHA developments. These upgrades will generate approximately \$26 million of savings annually for investment in later phases. Funding for these projects will come primarily from private financing -- obtained with help from the Clinton Climate Initiative through its banking industry partners -- but also with grants and incentives from the New York State Energy and Research Authority, Con Edison and National Grid (formerly Keyspan Gas).

NYCHA has embarked on an aggressive campaign to provide energy savings through the installation of Compact Fluorescent Light Bulbs (CFLs) in its developments. Since last year, 150,000 CFLs were installed in approximately 26,000 NYCHA apartments. Plans are underway for the planting of trees at 16 NYCHA developments. The Authority recognizes the critical role that resident cooperation and participation will play in maximizing and sustaining the energy savings associated with its Green Initiatives. NYCHA has included resident community education and "green collar" employment as key components of the Authority's Green efforts.

Energy Savings and Conservation

NYCHA's Energy Department received a \$444,448 rebate for successfully converting the Authority's aging domestic water heating systems to new instantaneous models. The new water heating units utilize technology that generates domestic hot water at substantially lower steam pressures and thereby utilizes less fuel than the older system. The rebate was granted through New York State Energy Research and Development Authority's (NYSERDA) Gas Efficiency Performance Program.

Regulatory Requirements

Stop Loss

Under the new federal Operating Fund rule, PHAs that will experience a decline in funding can have their losses "stopped" by demonstrating a successful conversion to asset management. The stop-loss process consists of the review of an application, an onsite evaluation of one or more properties and a final assessment. In October 2007 and April 2008, NYCHA submitted documentation demonstrating the Authority's successful conversion to the asset management requirements. The onsite review portion of the process was completed in July 2008. The preliminary results of the onsite review indicate that NYCHA did not pass the Year1 stop-loss assessment.

Environmental Review Requirements for Capital and Operating Funds

Capital funds and operating funds are subject to federal regulations which require the completion of an environmental assessment or environmental review prior to the initiation of these projects and may impact funding or the ability to proceed with the projects. NYCHA has reviewed its annual capital plans for 2006, 2007 and 2008 and the 2005 Capital Fund Financing Program and has determined that the vast majority of these activities are either "exempt", "excluded" or the NYCHA has already completed an environmental review. NYCHA has identified the City's Department of Housing Preservation and Development to serve as an independent entity to review its projects as required by HUD.

Subsidy and Grants Information Systems (SAGIS)

In 2008, HUD began requiring Public Housing Authorities to submit their requests for operating subsidy electronically through the Subsidy and Grants Information System (SAGIS). SAGIS includes the intake and evaluation of applications, the calculation of subsidies, the administration of program contracts, and the allocation of funds to housing agencies. NYCHA transmitted its financial information for FY 2008 through SAGIS by the April 25, 2008 deadline. The submission is currently under review and NYCHA should receive notification from HUD in October 2008.

SEVRA

NYCHA and major New York City housing advocacy groups have joined in supporting the enactment of the Section Eight Voucher Reform Act (SEVRA), which was overwhelmingly approved last year in the House and is now pending before the U.S. Senate Banking Committee. The bill would provide, among other improvements, necessary flexibility in administering the public housing and Section 8 programs, reform to the calculation of family income by increasing deductions for dependants and elderly and disabled families, while allowing fixed-income households to recertify their income once every three years rather than annually as now required.

NYCHA's Language Assistance Services

The New York City Housing Authority takes steps to provide meaningful access to its services and programs. To ensure that NYCHA can effectively communicate critical information to limited English proficient (LEP) residents and applicants, NYCHA utilizes bilingual housing assistants, staff interpreters and its Language Services Unit (LSU) to provide language assistance services for eligibility interviews, rentals, termination of tenancy and applicant appeals hearings, and informational meetings for residents. The Language Services Unit also manages a Language Bank of over 200 employee-volunteers who collectively speak 45 languages and assist with interpretation and translation services. NYCHA is in the

final stages of developing a Language Assistance Plan that will enhance NYCHA's current delivery of language assistance services.