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DE BLASIO ADMINISTRATION UNVEILS ‘NEXTGENERATION NYCHA’: A COMPREHENSIVE PLAN TO SECURE THE FUTURE OF CITY PUBLIC HOUSING

NextGen sets NYCHA on a new path to financial solvency, allowing the Authority to make significant investments in its 178,000 units, and dramatically improve quality of life for the 400,000 residents living in public housing

NEW YORK—Mayor de Blasio and NYCHA Chair and CEO Shola Olatoye today announced *NextGeneration NYCHA (NextGen)*, a comprehensive ten-year plan to stabilize the financial crisis facing New York City’s public housing and deliver long-needed improvements to residents’ quality of life by changing the way NYCHA is funded, managed, and how it serves its residents. Developed with the input of hundreds of stakeholders and residents, *NextGen* is the most inclusive plan in City history to tackle the critical needs in public housing head on.

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 Billions in underfunding from all levels of government, outdated and inefficient management, and rapidly deteriorating buildings have jeopardized the future of the nation’s oldest and largest public housing authority.

“The status quo has forced NYCHA residents to shoulder the burden of billions in disinvestment from the federal and state governments, and live with mold, broken heating, vermin and too many other symptoms of a crumbling Housing Authority,” said **Mayor Bill de Blasio**. “We will take every action to help NYCHA emerge from the financial crisis that has crippled its ability to provide safe housing in good repair to hundreds of thousands of our city’s hardworking families. Our plan reflects the tough decisions necessary to deliver a stronger, more effective housing authority that can take care of its buildings and its people.”

“Public housing is part of New York City’s fundamental fabric, in everyone’s neighborhood and connected to the life of every New Yorker – and it will be a critical piece of assuring all New Yorkers have an affordable place to live,” said **Deputy Mayor Alicia Glen**. “We’ve spent more than a year talking to residents, elected officials, and stakeholders to devise this package of smart strategies that will address the structural financial problems that plague NYCHA and negatively impact its residents, and positioning the Authority to be fiscally healthy and improve the portfolio for the next generation.”

“After meeting with hundreds of residents across the city for more than a year, there is clear consensus – the current system is broken and the status quo is not working,” said **NYCHA Chair and CEO Shola Olatoye**. “Without meaningful changes to the way NYCHA does business, our residents will continue to feel left behind and the future of public housing will remain in jeopardy. Since we can’t solve today’s problems with yesterday’s solutions, NextGen aims to transform NYCHA into a modern landlord with sound finances and effective property management. Key strategies, such as cutting expenses, raising sustainable revenues, leveraging our strengths and taking a more thoughtful approach to resident engagement, means we can make real progress in improved quality of life for residents.”

“For too long, New Yorkers living in NYCHA public housing developments have been treated like second-class citizens, made to wait unreasonable amounts of time for the most basic repairs or improvements. Crumbling infrastructure and serious quality of life concerns have been exacerbated by the lack of effective recourse available to residents simply trying to make their communities a better place to live and raise their families,” said **Speaker Melissa Mark-Viverito**. “The Administration’s NextGeneration NYCHA plan tackles these issues head on, comprehensively assessing the very real needs of our city’s public housing stock and listening to the voices of those who know these developments best – the New Yorkers who call NYCHA home. NextGeneration NYCHA will also harness our city’s resources to infuse NYCHA developments with social and community services, putting residents on a path to security and economic opportunity. I thank the Administration for investing in NYCHA and its residents and look forward to working together to ensure that NYCHA gets the support and resources it deserves.”

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. By cutting costs, instituting modern and effective management practices, and targeting new sources of revenue, over ten years the plan’s 15 strategies will both reduce NYCHA’s capital needs by \$4.6 billion and produce a cumulative operating surplus of over \$200 million. *NextGen* 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. Collectively, these advances will help physically and financially safeguard public housing for future generations.

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.

Goal 1: A Secure Financial Future – *achieve short-term financial stability and diversify funding for the long term*

- ***Immediate Stabilization:*** City relief of NYCHA’s Payment in Lieu of Taxes (PILOT), building on the already-waived \$70 million annual payment to the NYPD, to achieve an additional \$30 million in operating savings per year.
- ***Streamlining Operations:*** Integration and attrition of 1,000 central office positions into other City services and agencies to achieve approximately \$90 million in operating savings per year.
- ***Modernized Rent Collection:*** Improving rent and fee collection by working closely with residents and updating procedures to achieve \$30 million in revenue per year.
- ***Reducing Commercial Vacancies:*** Efficiently lease more of the over two million square feet of non-residential ground floor spaces to achieve up to \$1 million in operating revenue per year.
- ***Increasing Parking Revenues:*** Boost parking revenues – while capping resident parking rates at no more than \$150 a month – by increasing occupancy and rates to achieve up to \$5 million in operating revenues per year.

Goal 2: Property Management For Tomorrow – *operate efficiently and effectively*

- ***Mobile Solutions:*** Launch *MyNYCHA*, a mobile app for residents to create, submit, track and update maintenance service requests, view alerts and outages, and schedule inspections 24/7 to achieve enhanced customer service. There will still be a call-in number for residents.
- ***Enhanced Development Operations:*** Immediately begin reducing time to deliver basic maintenance to seven days at 18 developments identified for NYCHA’s new Optimal Property Management Operating model (OPMOM) system. During 2016, begin to roll out best practices from this work to all NYCHA developments with the goal of achieving similar service response times portfolio wide.
- ***Improved Sustainability:*** Join citywide efforts to reduce waste and implement recycling across NYCHA developments by the end of 2016 to achieve greater sustainability.
- ***Increased Energy Efficiency:*** Execute a series of competitive Energy Performance Contracts (EPCs) to upgrade and retrofit thousands of buildings to achieve lower energy costs and energy consumption.

- **Resiliency:** Deploy \$3 billion of funding from FEMA to repair and protect over 200 buildings that sustained significant damage from Superstorm Sandy to achieve more resilient developments.
- **Safety & Security:** Building on capital from the Mayor and City Council, NYCHA will invest an additional \$100 million to install enhanced security measures, including exterior lighting, cameras, news doors and layered access, which have already led to a ten percent reduction in violent crime at 15 high-crime developments.

Goal 3: (Re)build & Reinvest – *rebuild, expand, and preserve the City’s public and affordable housing stock*

- **Roof Replacements:** Allocate \$100 million per year for the next three years and call on the State to match the funds for a comprehensive roof replacement program to reduce mold, repair leaks, and restore paint to reduce capital needs by \$600 million.
- **Expand Affordable Housing:** Transform underutilized NYCHA-owned property to create 10,000 affordable housing units – five percent of the new construction called for in Housing New York. NYCHA will also explore a limited number of mixed-income developments on underutilized land over the next ten years, with 50 percent of new housing dedicated to low-income families making no more than 60 percent AMI, or approximately \$46,600 for a family of three (the average NYCHA household size is 2.3). These efforts will bring at least \$500 million in revenue every year for building improvements and better community amenities at adjacent developments, and to support NYCHA’s broader financial needs.
- **Leveraging HUD preservation programs:** NYCHA will renovate and upgrade thousands of units by maximizing the more prevalent and flexible federal subsidy available through Section 8. In all circumstances, NYCHA retains decision-making control, ensuring that affordability and tenant rights are maintained and protection is in place from future conversion to market-rate units.
 - **Rental Assistance Demonstration (RAD) Program:** NYCHA will convert approximately 1,400 units at Ocean Bay Apartments – Bayside in Far Rockaway to project-based Section 8 through HUD’s Rental Assistance Demonstration (RAD) program, financing critical building repairs and achieving ten-year operating revenue of \$66 million and reducing capital needs by \$87 million.
 - **Increase Operating Subsidy:** Subject to HUD approval, over the next ten years NYCHA will more aggressively pursue federal subsidy, including Section 8, for its 5,000 currently unsubsidized units, achieving new operating revenue of \$60 million per year.
 - **Convert Scattered-Site Portfolio to Section 8:** Over ten years, subject to HUD approval, NYCHA could convert 6,380 public housing units in scattered site developments – which are more difficult and costly to manage – to project-based Section 8 to achieve ten-year operating revenue of \$18 million and reduce capital needs by \$1.35 billion.
 - **Rehabilitate “Obsolete” Units:** Over ten years, subject to HUD approval, NYCHA could convert 8,313 public housing units in properties where the cost of rehabilitation exceeds the cost of new construction to project-based Section 8 to achieve ten-year operating revenue of \$26 million and reduce capital needs by \$1.6 billion.
- **Strategic Planning for Capital Repairs:** For the first time, NYCHA will institute a capital planning process by analyzing the needs of the entire portfolio, rather than the current case-by-case basis, and prioritizing repairs and upgrades that make the most effective use of limited funds and deliver capital projects more efficiently.
- **Modern Design:** Update its decades-old design guidelines for renovations and new construction, focusing on modern and efficient design, accessibility, appeal, and safety to improve the quality of life for residents.

Goal 4: Forward, Together – *connect residents to best-in-class social services*

- **Better Social Services for Residents:** NYCHA will move away from directly providing social services to connecting residents to best-in-class services from expert providers. As part of this partnership coordination effort, beginning July 1, the Department of Youth and Community Development (DYCD) will begin to operate 24 community centers and the Department for the Aging (DFTA) will begin to

operate 17 senior centers, providing residents best-in-class services from specialized providers, saving NYCHA an average of \$16 million per year.

- **Leverage Philanthropic Funding:** Launch the Fund for Public Housing, a nonprofit 501(c)(3) with the goal of raising \$200 million over three years in philanthropic dollars to support linking NYCHA residents to third-party service providers to improve social service delivery and access to economic opportunity for residents.
- **Economic Empowerment:** Double the number of residents connected to jobs in next ten years to 4,000 annually through NYCHA's Office of Resident Economic Empowerment and Sustainability (REES) and community partners.
- **Pathway to Trade Jobs:** Provide over 500 residents with apprenticeships and a pathway to union membership over the next five years through a Project Labor Agreement with the Building and Construction Trades Council of Greater New York to help residents achieve skills and access to better paying jobs.

"NYCHA's NextGeneration plan offers a critical roadmap for the future of public housing," said **Housing Preservation and Development Commissioner Vicki Been**. "In the face of declining federal support, New York needs a new model for how to fund and operate NYCHA and engage with its residents. NYCHA is an essential partner in our goal to provide safe, high quality affordable housing to all New Yorkers, and I look forward to working with Chairperson Olatoye and her team to achieve a vision of safe, secure, and connected communities."

"Today, NYCHA is taking a major step toward preserving one of New York City's greatest public assets. This plan outlines a comprehensive set of strategies that, taken together, will chip away at the enormous capital needs of NYCHA's portfolio while placing the agency on a path toward sustainable operations over the next decade," said **Holly Leicht, HUD Regional Administrator for New York and New Jersey**. "In this extraordinarily challenging time for public housing, this kind of entrepreneurial approach is essential. I commend NYCHA's willingness to tackle this challenge with vision and creativity, and look forward to partnering with them on implementation. Together, NYCHA and HUD can protect public housing for the next generation of New York families."

"The de Blasio Administration and NYCHA Chair Shola Olatoye deserve great credit for developing a thoughtful, comprehensive, and long-range plan to address NYCHA's daunting challenges and chart a sustainable future. Doing so involves making tough choices, but they have stayed focused on the right goals: preserving NYCHA as a place of deeply affordable housing for low-income and working class New Yorkers, stabilizing its finances so they can make long-overdue investments and repairs, making the vast majority of any new housing built on NYCHA's sites genuinely affordable -- and doing that without imposing unfair rent increases on our lowest-income families," said **Council Member Brad Lander**.

"With Mayor de Blasio's NextGeneration NYCHA plan, we will not only revitalize an agency with dire needs but also bring almost 10,000 new units of affordable housing to New York. NYCHA and affordable housing more broadly have been neglected for too long, leaving the authority without the resources it needs to operate at capacity. Today Mayor de Blasio stands up for the 213,000 residents of NYCHA units ensuring a stable financial future," said **Council Member Ydanis Rodríguez**.

"The Administration is wisely taking a new approach to securing the future of our public housing with an innovative, ambitious plan to cut costs, modernize operations, and ensure the continued vitality of our largest and most important affordable housing resource," said **Kathryn Wylde, President and CEO of the Partnership for New York City**.

"The future belongs to those who, united as one, set their sights on the horizon and plan with leadership to include all of the voices of the people, to build institutions that will benefit all of their constituents," said **Reginald H. Bowman, President of NYCHA City-Wide Council of Presidents**.

“NYCHA residents have lived under abominable conditions for too long. We are glad the Mayor and NYCHA Chair Shola Olatoye are taking significant steps towards providing NYCHA with the solvency it needs to address overdue repairs and provide their tenants with basic dignity,” said **Jonathan Westin, Executive Director of New York Communities for Change.**

“We applaud Mayor de Blasio and Chair Olatoye for assembling a comprehensive blueprint for preserving NYCHA and guaranteeing that it continues to be a viable source of affordable housing for generations of New Yorkers to come,” said **Judi Kende, Vice President and New York Market Leader at Enterprise Community Partners, Inc.** “NextGen NYCHA comes at a time when New York City is in the midst of a housing insecurity crisis, with over 600,000 people spending more than half of their income on rent. It is critical to preserve the City’s largest single portfolio of affordable housing that keeps families in stable homes. This plan to improve efficiency and increase revenue, including public-private partnerships, will go a long way in ending housing insecurity once and for all.”

“We feel the NYCHA Next Generation plan has a number of strong points and takes a number of next steps to preserve our current stock of public housing,” said **Lorraine Knox, Community Voices Heard member and resident of the Jefferson Houses.** “We applaud the Chair and her staff for working to address our critical needs. We are aware of the financial situation that NYCHA is currently in and we understand that affordable housing development can be part of the solution. We look forward to partnering with NYCHA to make sure that public housing is preserved and to ensure NYCHA residents are eligible for any new housing built within their development.”

“NYCHA has already come a long way under this new plan” said **Reverend Dr. Fred Lucas, Brooklyn Community Church.** “I have seen firsthand at the community visioning sessions at Ingersoll Houses, where the thoughts and input from residents are respected and taken into account.”

“Having to tighten your belt while taking good care of the important things and planning for the future is what so many New Yorkers must deal with every day. NYCHA is meeting those same challenges - having to live within their budget while improving conditions for tenants and planning for the future. It is never easy but this plan gives public housing the best chance to succeed,” said **Jerilyn Perine, Executive Director of the Citizens Housing and Planning Council and the former Commissioner of the NYC Department of Housing Preservation and Development.**

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