WHAT HAPPENED TO PUBLIC HOUSING IN NEW YORK?

The Past, Present, and Future of Government-Built Housing in our State

IZIAH THOMPSON

Community Service Society

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THE AUTHOR

Iziah Thompson is a Senior Policy Analyst at the Community Service Society of New York (CSS), where he works on housing policy, with a focus on the preservation of NYCHA developments and empowerment of public housing and voucher-holding residents. He holds an MPA and certificate in Quantitative Analysis and Evaluation from NYU Wagner School of Public Service. He writes a monthly newsletter called NYCHA Need to Know that includes updates and news about public housing in New York. To get on the mailing list, email info@cssny.org.

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Executive Summary

The New York City Housing Authority's (NYCHA) brick "tower in the park" developments are often what people think of when the term public housing is heard in the United States. Due to its sheer scale, NYCHA is hard to compare to other housing authorities, but there are tens of thousands of public housing units run by housing authorities other than NYCHA across the state of New York. The issues faced by public housing residents in NYCHA are not much different than those facing residents throughout New York. Long-needed repairs, a lack of enforcement of residents' rights in voucher-converted households, and cold bureaucracy taking hold where there are lapses in accountability and transparency are just a few experiences that touch the lives of the vast majority of tenants in New York's public housing. Over the last few years, the statewide movement for tenants' rights in private market rentals built up enough power to win the 2019 Housing Stability and Tenant Protection Act (HSTPA) and push for Good Cause Eviction protections. Similarly, a movement for the preservation and transformation of public housing in New York State must leverage New York City's strong foundation of resident advocacy and the 36,000 public housing residents across the state, from Long Island's Gladys Gardens in Hempstead to the Packard Court of Niagara Falls. This report aims to serve as a basis for understanding the current status of New York State's public housing stock, changes that have occurred over the past decade, and what the future may hold. In this report, we analyze the policy choices shaping public housing in New York and propose a set of recommendations drawn from the analysis.

MAIN FINDINGS

- The federal government has abandoned its responsibility in housing its residents:
  - New York State Public Housing Authorities (PHAs) have consistent shortfalls of more than **$40 million** in federal funding.
  - New York State's public housing outside of New York City has between **$1.4 billion** and **$5 billion** 20-year capital needs, depending on the rate of deterioration.
  - The total capital needs for the state are between **$41.2** and **$45.2** billion.

- Communities with public housing are more resilient and economically diverse:
  - The population of New York counties without public housing units declined by an average of more than **1,700** residents from 2010-2020, while the 35 with public housing units increased by **6,600** individuals on average.
  - Every additional public housing unit in a NY county was associated with a **10**-person increase controlling for various county characteristics.
  - New York counties with public housing units had their populations of low-income households, members of a vital workforce, grow by **14** percent on average over the last decade, compared to **9** percent on average for counties with no units.
  - Counties with more than one thousand Section 9 units had their makeup of low-income households increase by **24** percent on average.
  - Every dollar of public housing spending on capital and maintenance results in **$4.05** in regional spending.

- The history of public housing in New York is complicated:
  - The use of eminent domain to take back land for housing started in New York.
  - Generally, public housing was kept out of high-income New York communities.
  - New York State's innovations in government-built housing were largely stifled by the United States federal government.
  - Public housing was used to introduce and preserve segregation.

- The idea of "housing as a government service" is ending in New York:
  - The number of Section 9-administering Housing Authorities in New York declined from **85** in 2010 to **72** as of 2021.
  - New York State lost **2,259** Section 9 units across **14** agencies over the last decade.
  - By 2030, between **12,958** and **25,000** Section 9 units will leave the program (depending on the authorities' abilities to close the deals).
  - **10,374** of New York's Section 9 units (**4.6** percent) were demolished and/or sold and another **21,805** units (**9.7** percent) were converted to the Section 8 program.
  - Section 8 project-based conversions have made funding available for long-awaited repairs to public housing developments.
  - As a result of Section 8 project-based conversions, New York PHAs have lost access to grant funding historically provided by HUD.
  - New York PHA leaders are constantly in disaster response mode.
  - There is no real federal or state plan to comprehensively fix public housing—PHAs are dependent on luck and benevolence when looking for funding sources.
  - New York's PHAs have the authority to build almost **15,000** public housing units.

We recommend the following:

State Solutions

1. **Advance the PHIX New York Plan (Public Housing Infrastructure & Expansion for New York)**
    a. Create and fund a consistent and predictable public housing capital funding plan
        i. Preserving **40,000** and building **8,000** new public housing units, and units, and supporting **65,000** direct and indirect jobs and an additional **$5 billion** in indirect and induced spending, with a total of **$9.5 billion** in economic activity for New York State
    b. Green mass procurement statewide initiative to cut costs and carbon emissions
        i. Bulk purchase standardized green appliances and components for public housing renovations
        ii. Where possible, issue requests for proposals for the production of the equipment in New York State with a focus on making sure that *Passive Haus*, mass timber, and modular construction are not just the luxuries of the wealthy
    c. Public housing expansion
    d. A new Homes and Community Renewal (HCR) public housing program
        i. Promoting Resident management corporations
        ii. Requiring a resident vote
        iii. Promoting increases to the affordable housing supply
        iv. Requiring a standardized method of targeting developments
        v. Requiring adoption of the HOTMA over-income rule
        vi. Requiring that 40 percent of all construction hours are performed by public housing residents
        vii. Promoting use of "Section 3 Business Concerns"
    e. Modernize PHAs and allow them to spend capital funding
        i. Broadening the mandate of PHAs
        ii. Requiring "RAD Roundtable" protections for all Section 8 conversions
        iii. Require a resident majority vote for all Section 8 conversions
        iv. Reform public housing authority procurement, and contracting rules
            1. Amend New York State Public Housing Law
            2. Expand the design-build authority
            3. Repeal Wick's law
        v. Remove Restrictions on Local Public Housing Capital Funding
2. **Create a New York Social Housing Development Authority**
    i. Funds public housing redevelopment applying similar restrictions and prioritizing terms listed under the PHIX NY HCR program devised in this report, emphasizing resident management corporations or public housing CLTs
    ii. Pursues homeownership conversion of public housing units, focusing on improving income mobility.
3. **Reform the public housing grievance process and provide eviction oversight**
    i. Pass S1904/A1135 providing procedural protections
    ii. Pass legislation increasing hearing officer standardization and ethics
4. **Create a Physical Needs Assessment (PNA) fund**
    i. Improve transparency for state-chartered Housing organizations
5. **Form a new civic and resident's coalition for public housing**
    i. Create an independent host to measure development-by-development resident satisfaction and physical state of good repair

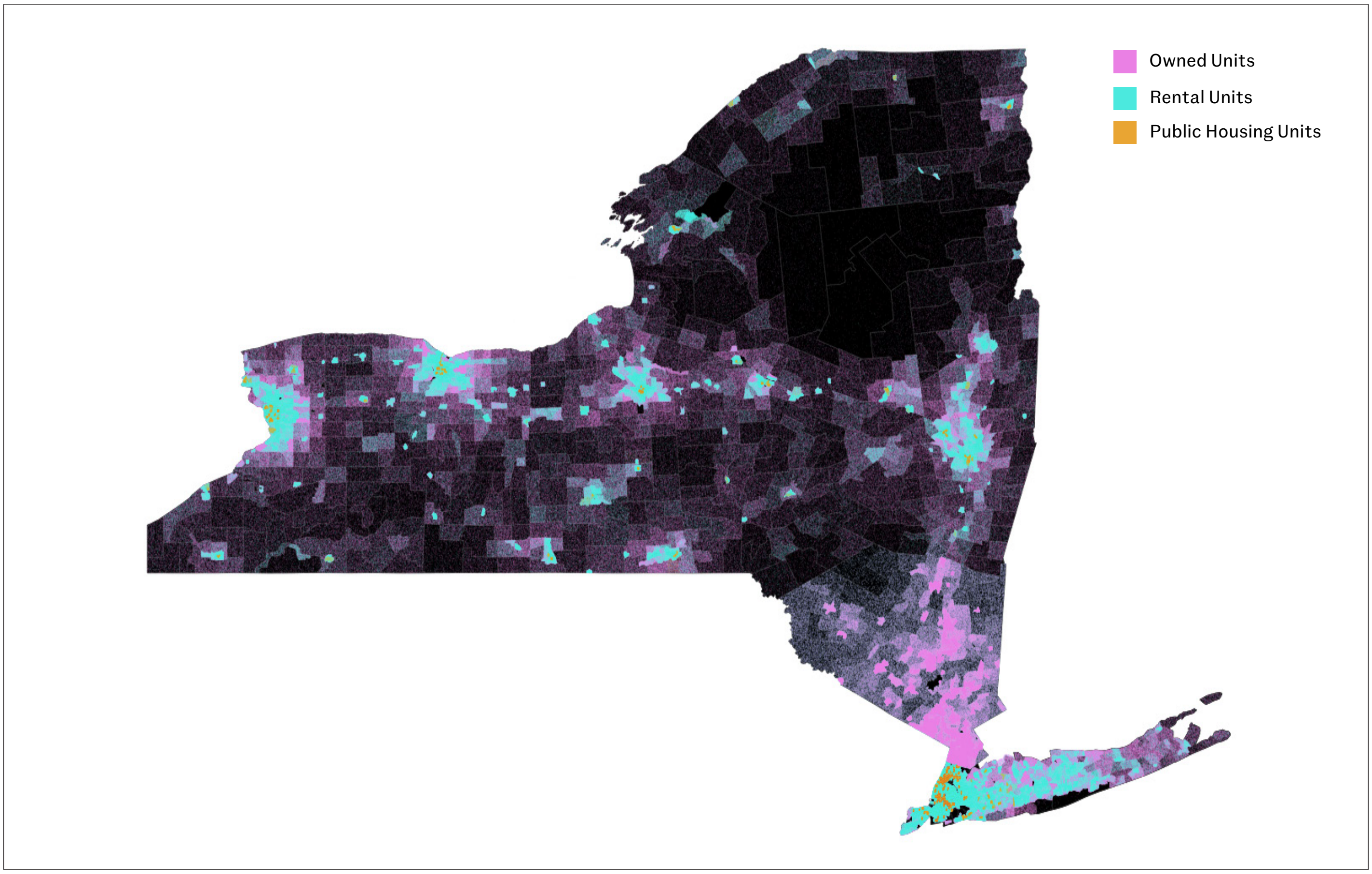
Federal Solutions

6. **Make Section 18 data public**
7. **Loosen the public housing income requirements**
8. **Remove the Section 8 voucher cap**
9. **Update Section 8 admin fees**
10. **Exempt affordable housing from the private activity bond cap**
11. **Provide capital funding for highest need developments**
12. **HUD must amend federal regulations to allow PHAs to center work quality in their procurement process**

Public Housing Authority Solutions

13. **Allow resident management corporations to participate in RAD conversions**
14. **Allow over-income households to remain in public housing**
15. **Expand Transferable Development Rights (TDRs) and other zoning reform**

MAP 1 – NEW YORK STATE PUBLIC HOUSING UNITS BY CENSUS BLOCK



Source: Department of Housing and Urban Development (HUD), "Public Housing Authorities," 2023, Department of Housing and Urban Development (HUD), Rental Assistance Demonstration Resource Desk, 2023

Introduction

In New York State, there are 57,275 HUD-assisted units located outside of New York City, 36 percent (20,568) of which are Section 9 public housing.[1] These public housing units make up 141 developments, housing 35,975 residents in 37 counties. Most public housing is located in renter-heavy cities, like Buffalo, Rochester, and Syracuse, while rural developments make up a much smaller share of the public housing universe. However, there are exceptions to this trend, with towns such as Plattsburgh in the North Country region and Hempstead in Nassau County—as well as mostly rural communities like those in Niagara County—containing a sizable number of units.[2]

Of the 70 Public Housing Authorities (PHAs) with Section 9 units in New York, most (60 percent) are relatively small with less than 300 units. Twenty-five PHAs (36 percent) have between 300 and 3,000 units. And two have more than 4,000 units—Buffalo Municipal Housing Authority (4,266) and the New York City Housing Authority (NYCHA (~161,400). Annually, the federal government spends $710 million in capital funding for the maintenance of New York State's Section 9 units and $1.2 billion for their management (as of 2021). Ninety percent of that funding goes to NYCHA, with the median subsidy being $702,000 for operations and $506,000 for capital repairs for New York PHAs.

Capital and operations funding varies from authority to authority and can fluctuate from year to year, depending on the conditions, rent levels and collection rates, and scheduled work at developments. The funding formulas are transparent and can be understood by reviewing the calculations.

Operations Funding In New York: A Major and Ongoing Shortfall

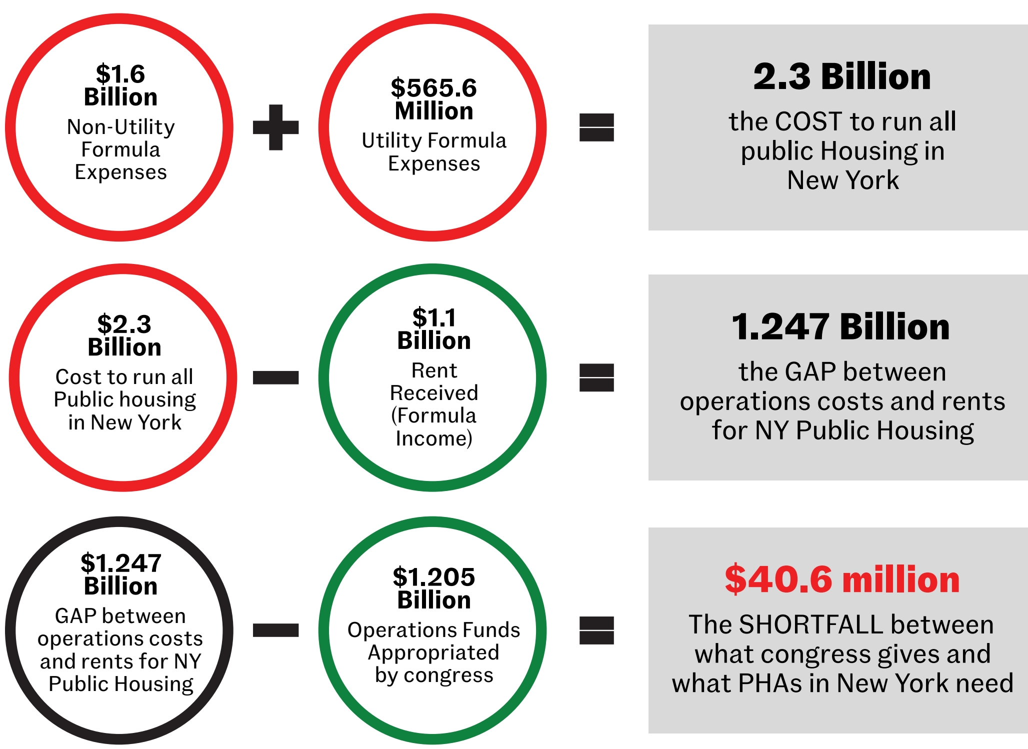
The formula for operations funding has two components.

1. Formula Expenses: which takes into account both costs and utilization of utilities and adds those costs to expected unit expenses multiplied the number of eligible units, adjusted for inflation. It also includes add-ons like reasonable IT expenses, energy conservation measures, asset repositioning (demolitions and dispositions) and payments in lieu of taxes (PILOTS).
2. Formula Income: which is tenant rent multiplied by the number of eligible units.

Formula Income is subtracted from the Formula Expenses leaving the amount of subsidy the PHA is eligible to receive for use in its operations.[3] Though, just because a PHA is eligible for a certain amount, doesn't mean that they will receive that amount. Congress does not generally appropriate enough funds to cover the costs of running a public housing program. PHAs across the state experienced this shortfall, and this is a compounding issue because the shortfall has been consistent for decades now.

For example, in 2021, total non-utility Formula Expenses for all NY PHAs were $1.6 billion. Utility Formula Expenses were $565.6 million, and add-ons were $170.4 million. This means that it costs NY PHAs $2.335 billion in total to run their developments. They received $1.1 billion in rent (Formula Income), leaving a gap of $1,246,581,346. However, Congress only appropriated $1,205,993,607 in operations funding to New York, underfunding public housing in the state by $40,587,739.

From 2020 to 2023, the average shortfall was almost $59 million. The cumulative operating funding loss over the period was $231.5 million. Going further back, over the last two decades, the cumulative operating funding loss was $1.5 billion for NYCHA (which encompasses 92% of the total state operating subsidy.



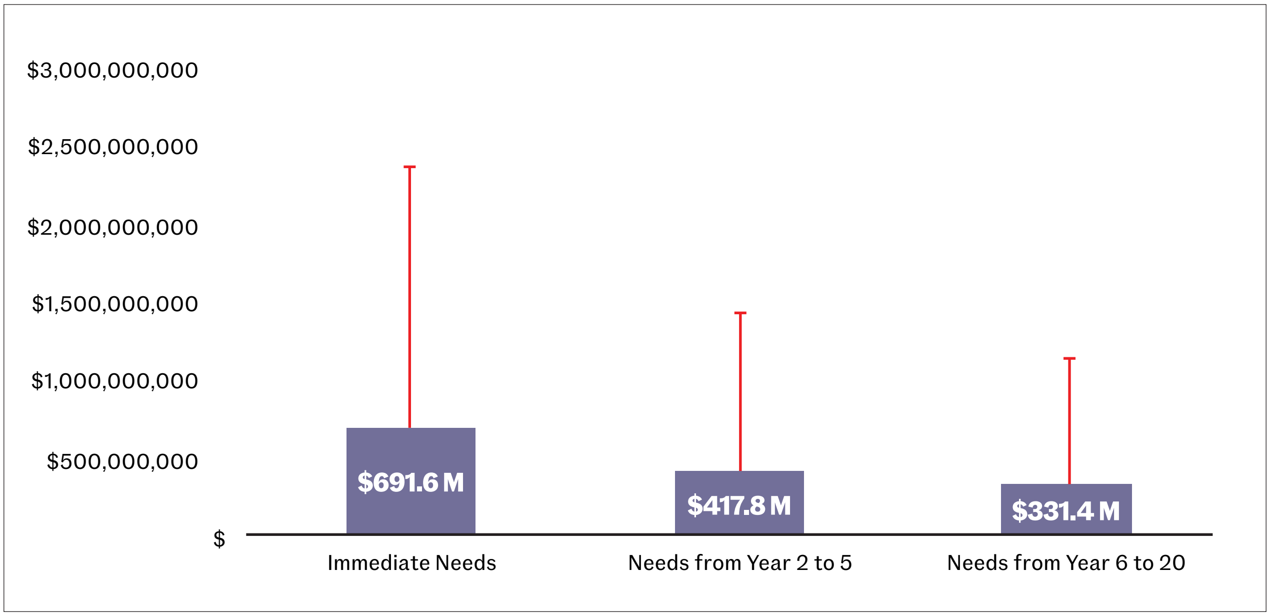
Capital Funding In New York

The capital formula for public housing authorities, which determines the amount of funding that each PHA will receive for modernization and renovations accounts for:

1. the number of public housing units
2. the age and condition of the units
3. the estimated cost of renovating or modernizing the units
4. the cost of providing necessary services and amenities to residents, such as security, maintenance, and management

The formula does not include costs for routine maintenance; that fits into operations. Like other aging infrastructure, public housing requires ongoing maintenance and renovation to remain safe and habitable. However, because the shortfall shown earlier occurred chronically for years in New York, our PHAs face significant capital needs backlogs. These needs can include major repairs, renovations, and upgrades to building systems, such as heating and cooling, electrical, and plumbing, as well as improvements to community spaces, exterior building envelopes, energy efficiency upgrades, and accessibility improvements.[4]

CHART 1 – NY STATE PUBLIC HOUSING CAPITAL NEEDS BREAKDOWN



WHAT ARE CAPITAL NEEDS REALLY?

The backlog in repair and modernization funding is often referred to as "capital needs" but it's worth reviewing what this term actually means. There are two separate measurements that generally need to be understood to fully comprehend what is meant by "capital needs":

1. the existing needs, which are the costs of repairs and replacements beyond ordinary maintenance required to make housing decent and economically sustainable today.
2. the accrual needs, or the costs needed each year to cover ongoing repairs and replacements beyond ordinary maintenance assuming existing needs are met.

These tend to be calculated out for the following 20 years.

Because different systems and equipment have different life cycles, some reach an age of replacement or repair at different times over the twenty years. For example, generally, fire suppression systems require minor repairs every 35 years, interior walls require touchups as needed but only require major repairs once every 99 years, and roof drainage systems require a moderate replacement once every 20 years. Obviously, a variety of factors can lead to faster deterioration, expediting these timelines.

Physical Needs Assessments, or PNAs, are commonplace in the real estate world and differ in terms of how the information is collected and what it's used for, but generally, measuring the capital needs of a public housing authority is done using what is called the Observable Systems Approach. This approach combines the use of a standardized schedule for how long equipment should last and what it costs to repair it at different points in its life cycle, on-site inspections, and ratings of these building systems. This approach is efficient without ignoring the fact that conditions can vary due to many factors on a development-by-development basis. The end result is a Physical Needs Assessment (PNA), which lists the repairs needed and how much they cost. You may hear a PNA referred to under other names such as a Capital Needs Assessment (CNA), Physical Condition Assessment (PCA), or Green Physical Needs Assessment (GPNA); but they all fit within the same aforementioned concept.

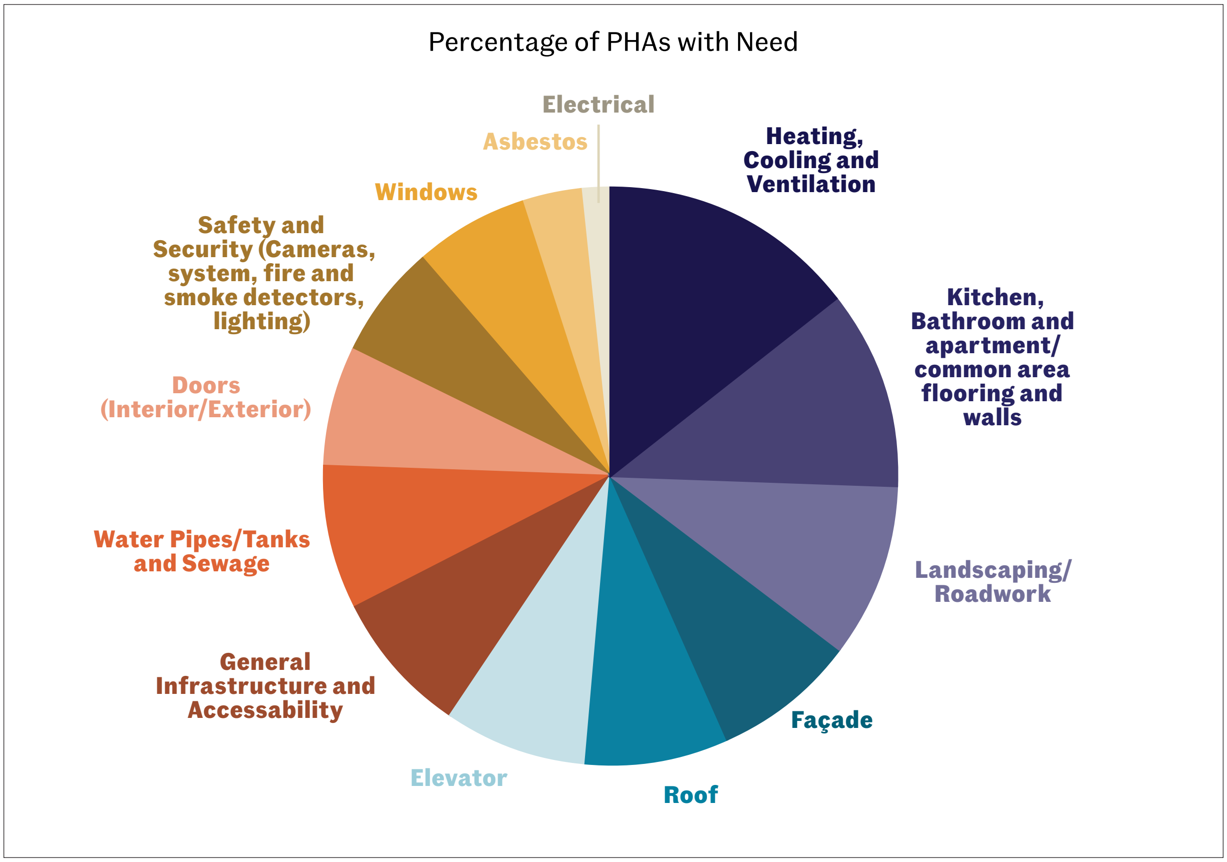
While we have a clear understanding of how much it costs to run public housing in New York, we do not have a reliable source for the total capital needs (existing or accrual). Again, because of the consistent operations shortfall mentioned earlier, PHAs are barely keeping the lights on, let alone able to fund a comprehensive PNA for every building they own and manage.[5] However, using publicly available data, we estimate that the 20-year capital needs for New York's public housing (not including NYCHA) is $1,440,747,449.[6]

- $691.6 million of these needs are require immediate attention and are backlogged
- $417.8 million of these needs will need to be addressed between next year and 5 years from now; And
- $331.4 million of these needs will need to be addressed before the next 20 years (However, renovating and replacing some of these needs earlier will lower this estimate in the later years.)

The needs may be up to $3.5 billion more over the course of the 20 years, depending on inflation, other market factors increasing the price of construction, the rate of deterioration, and work that PHAs have planned or have underway, and the extent of modernization included in project scopes (*see methodology in the appendix*). NYCHA estimates its 20-year needs are $78.3 billion, 73 percent higher than it in 2017. However, its needs are closer to $40.3 billion when ongoing and planned projects are accounted for. This puts the total for the state between $41.7 billion and $45.2 billion in total capital needs, painting a dreary picture for public housing in our state. However, this estimate provides a clear path forward in rectifying the needs. Furthermore, the earlier the needs are addressed, the lower the actual costs will be.

A 2018 survey of 13 mid to small PHAs shows heating, cooling, and ventilation repairs as the most common issues across the state's public housing stock, followed by apartment and common area issues including kitchens and bathrooms. Façade, elevator, water and sewage, and general infrastructure and accessibility repairs all were present in about 9 percent of the developments in the sample. Costs varied greatly between the capital needs categories. Kitchen and

CHART 2 – TOP CAPITAL NEEDS CATEGORIES FOR NEW YORK PUBLIC HOUSING
(% OF PHAS WHO LISTED THE NEED AS "GREATEST")



bathroom work, along with apartment and common areas walls and floor repairs are the biggest capital needs from a cost perspective. It isn't that this work is the most expensive, as Table 1 shows per project costs are in the middle. However, developments with deferred repairs in this category require building-wide renovations. Similarly, developments that had landscaping and roadwork needs had put them off for so long that the sheer square footage of the work is extensive. Many authorities report needing funds to repair parking lots and sidewalks, which are cheap projects to complete when done as the deterioration occurs. But in the aggregate—re-surfacing sidewalks and replacing long stretches of fencing can be costly. This exposes that the cost of not funding basic maintenance is not felt immediately but later.

The problem areas in NYCHA's PNA largely mirror those of Upstate and Western NY housing authorities, which was confirmed by both the survey results (see Table 1) and in conversations with organizers and residents served by other PHAs. The bulk of the needs, $5.6 billion, are in repairs and replacements in bathrooms and

TABLE 1: CAPITAL NEEDS BY PERCENT OF COSTS AND COST PER PROJECT

CAPITAL NEED CATEGORY	PERCENT OF COSTS ($)	AVERAGE COSTS PER PROJECT ($)
Kitchen, Bathroom, and apartment/common area flooding and walls	21%	$ 164,958
Facade	13%	$ 273,021
Windows	12%	$ 328,325
Elevator	10%	$ 420,000
Heating, Cooling, and Ventilation	10%	$ 208,534
Asbestos	7%	$ 700,000
Landscaping/roadwork	6%	$ 49,074
Electrical	6%	$ 415,000
Roof	6%	$ 149,563
Water Pipes/tanks and sewage	3%	$ 76,939
Safety and security (cameras, system, fire and smoke detectors, lighting)	3%	$ 49,339
Doors (Interior/Exterior)	1%	$ 21,865
General Infrastructure and Accessability	1%	$ 36,571
Misc.	1%	$ 28,243

kitchens, which are linked to the aging piping systems causing leaks, damage to walls and ceilings, and mold.

Looking more closely at developments, there are differences in capital costs across building types: high-rise or elevator buildings, like those found in the large cities such as Buffalo and Syracuse spend a lot on window replacements. Comparatively, walkups like those found in Tarrytown, New Rochelle, and most public housing developments in the state are likely spending more on water mains and roofs, which are related to building age. Rowhouse and townhome style developments found in Binghamton and Herkimer are less likely to have the great water system and roofing costs that walkups do. As we think about the need to improve sustainability, it's interesting to note that the biggest cost drivers for utility efficiency are wall and attic insulation followed by heat pump and furnace heating, and air sealing the envelope, or the components that make up the shell of a building—walls, roofing, foundation, windows, and doors.

This may be misleading in that many of the cost drivers of upgrades are those that are less expensive to rectify, and when making repairs with limited funds, replacing boilers, installing heating controls, and modernizing ventilation systems can be out of reach. Generally, it is hard to get a holistic understanding of the exact conditions in New York beyond anecdotal evidence because there is almost no public information available for the large majority of PHAs outside of basic data collected by HUD.

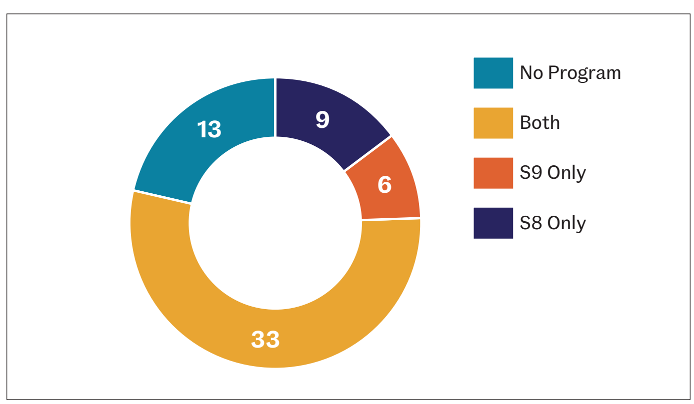
Where Public Housing Was (and Wasn't) Built In New York

Thirty-nine New York counties have at least one authority administering Section 9, and a majority of those counties also have a Housing Choice Voucher (HCV) program (tenant-based Section 8).[7] There are a total of 22 counties without a Section 9 public housing program. Generally, public housing wasn't built in the areas with the highest incomes and Southern Tier and North Country region communities with low populations or rural counties, especially those bordering Canada and Pennsylvania. It is not uncommon for some parts of New York State to be without even basic temporary or emergency shelters as a means to protect those experiencing homelessness.

The Positives of Public Housing in New York

In New York State, there are 13 counties with no Section 9 or Section 8 program and 9 with only a tenant-based voucher program. Most of the counties relying on tenant-based vouchers for rental assistance (or no assistance program at all) are low population, like Hamilton, in the north, and Schuyler, west near Pennsylvania, with less than 20,000 people. However, Putnam County, with almost 100,000 residents is reliant on the private market and limited voucher subsidies to house low-income residents. Though, a closer look reveals that many of these counties don't have programs for a reason.

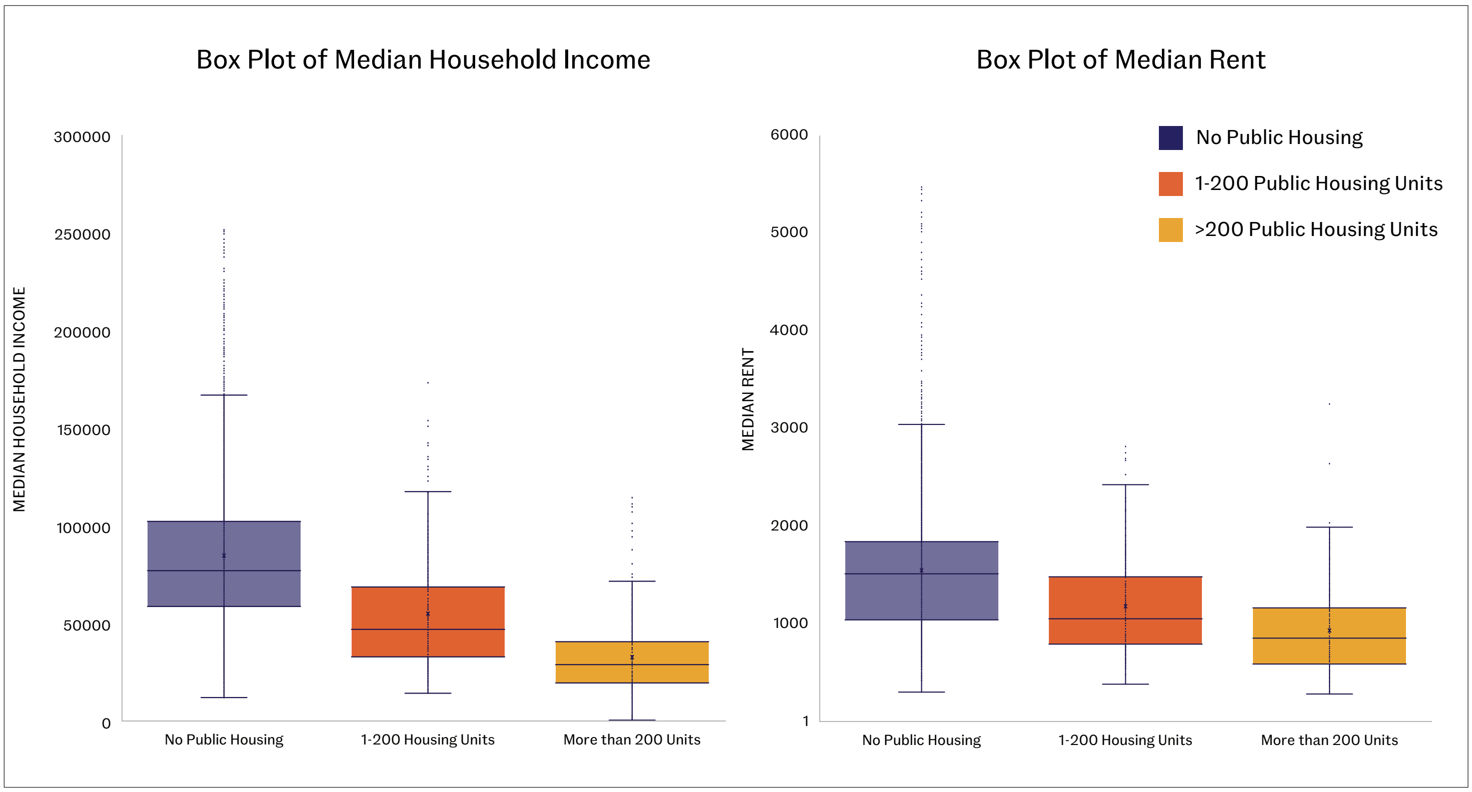
CHART 3 – RENTAL ASSISTANCE PROGRAMS BY COUNTY IN NEW YORK STATE



Source: Department of Housing and Urban Development (HUD), "Public Housing Authorities", 2023

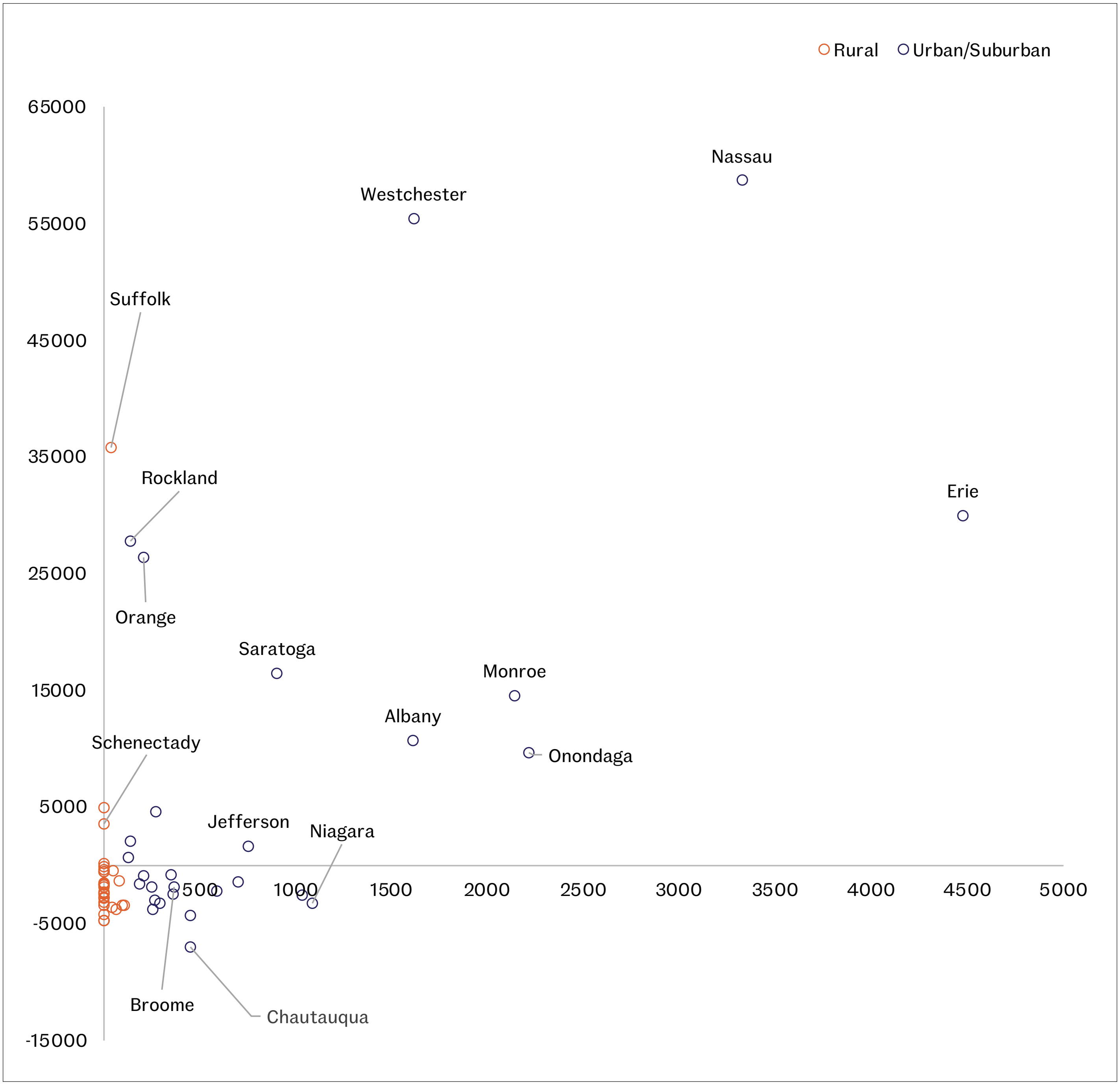
These 22 counties with no Section 9 units tend to fall into one of two extremes: low-cost housing is either already abundant (though often blighted, due to depopulation) or non-existent. Altogether, over the last two decades, the lack of affordable options for the latter forced many that didn't have high incomes to leave (or to never live there to begin with); in some sense burdening the housing supply of nearby population centers, and in another, impacting economic activity and workforce population—ultimately contributing to the population decline that has been so pronounced in New York's Upstate and Western regions. Generally, public housing was restricted to lower income communities.

CHART 4 – NEW YORK CENSUS TRACTS RENTS AND INCOME BY PUBLIC HOUSING UNITS



Counties with public housing were found to be less likely to see the type of decline that has troubled many New York communities. The New York counties without public housing units were most impacted by population loss; on average they lost more than 1,700 people from 2010-2020. For the 35 counties that have public housing, there was an average just north of 6,600 individuals that moved in. The problem was most pronounced in the Mohawk County and Southern Tier regions. While we can't say that public housing has a causal relationship with population stability, for every additional public housing unit in a county, we observed a statistically significant increase of about 10 people in the population, when keeping factors like region, unemployment rate, percentage of long commutes, median household income, and the proportion of rural residents the same from 2010-2020 (this even excludes NYC counties).

CHART 5 – NEW YORK COUNTIES PUBLIC HOUSING UNITS AND POPULATION LOSS (2011-2021)



Source: U.S. Department of Housing and Urban Development (HUD), "Public Housing Authorities," 2023, U.S. Department of Housing and Urban Development (HUD), Rental Assistance Demonstration Resource Desk, 2023, United States Census, ACS 5-Year Estimates DP04 Selected Housing Characteristics, 2011, United States Census, ACS 5-Year Estimates DP04 Selected Housing Characteristics, 2021

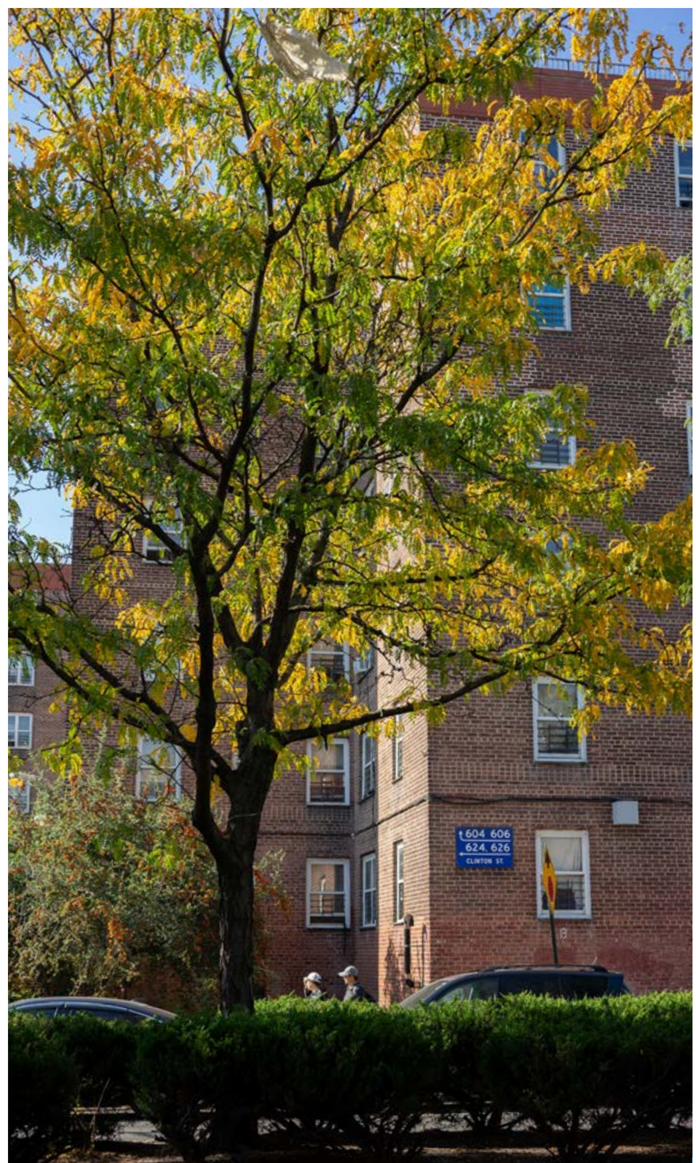
Similar findings were true for changes in vacancy rates over the decade-long period and where there were no tenant-based vouchers available. It could be that vouchers were instrumental in impeding the process of decline and areas with public housing have the institutional foundations and economic drivers to support the characteristics that prevent population loss. While a causal connection cannot be drawn from this finding, it does hint at what many on the ground have already known: government-built social housing provides stability to tenants and is an economic driver itself—enough to counteract displaced poor and working-class populations—more so than programs that rely on the private market to supply homes and accept subsidies.

While some researchers argue that the market distortions caused by government housing and lack of neighborhood choice makes vouchers the superior rental support policy, research has shown that demolition and relocation of public housing residents has negative health impacts and public housing tenancy is associated with an increase in family stability and workforce participation. Moving to Opportunity Research celebrating moves to "high opportunity areas" concedes that government can move you to opportunity but never move opportunity to you.

We are not proposing a framework that presents public housing alone as a solution to economically deprived regions. However, where rental assistance alone doesn't offer much to a place with already abundant cheap housing, jobs, mixed-used transit-oriented development is a real solution.

Further analysis has estimated that on average, every dollar of public housing spending on capital and maintenance results in $2.12 in regional spending, and every dollar spent on operations adds an another $1.93. These investments can result in thousands to tens of thousands of jobs and add to a total of $8.3 billion in economic activity annually that is spurred by government-built housing in the United States (of which New York State represents a large share). Cities without public housing units could see local economies bolstered by government spending on housing.

Public housing also has an impact on who gets to live in a community. In New York, the percentage of high income (annual income of more than $100,000) families that lived in a county was completely unchanged over the last decade. However, New York counties that have public housing units had their population of low-income households grow by 14 percent on average over the period, compared to 9 percent on average for counties with no units.[8] Counties with more than one thousand Section 9 units had their makeup of low-income households increase by 24 percent on average. This finding paints a picture of exclusion and economic segregation made possible by a host of factors, but primarily caused by land-use laws, mortgage practices, and overall investment in communities, all steeped in racism. The lack of public housing in some areas has allowed exclusion to continue unperturbed—which makes the decline of the stock all the more troubling.



NEW YORK PUBLIC HOUSING: *A HISTORY*

1934 - THE BEGINNING

New York's housing advocates pushed the federal government to invest in housing supply post-World War II. The New York and Buffalo Housing Authorities were founded to clear slums and the authorities' rights to eminent domain were confirmed in court. NY authorities pioneered eminent domain.

Development

- First Houses (New York, NY), the initial U.S. public housing development, 122 units, $6 a room

1935-37 - SUCCESS

Utica, Yonkers, and Syracuse Housing Authorities were founded and the first federal public housing, Techwood Homes in Atlanta, GA, were built. NY officials enforced segregation on early public housing, because they argued 1) it was a way to make the programs popular and 2) it would match the already segregated private housing. However, the truth is that they often cleared less segregated slums and replaced them with fully segregated developments.

Development

- Kenfield Homes (Buffalo, NY), 658 units, "Whites only"
- Williamsburg Houses (New York, NY), 1,622 units, "Whites only"
- Harlem River Houses (New York, NY), 574 units, "Blacks only" (The first development to allow Black families.)

"... It has taken the question of public housing out of the realm of debate and into the realm of fact... Established the authority as an agency for the issuance of slum clearance bonds... [And] provided an opportunity to test the authority's power to condemn land for slum clearance – a test which we won."

— LANGDON POST,
NYCHA'S FIRST CHAIRMAN

1938-39 - SLUM CLEARANCE

NYCHA demolished 1,000 tenement units & took ownership of another 40,000 abandoned properties.

Development

- Willets Park (Buffalo, NY), 175 units, "Blacks Only"

1940-51 - INCREASED PUBLIC HOUSING DEVELOPMENT

Plattsburg & Watertown Public Housing Authorities were created. Yesler Terrace (Seattle, WA) was the first racially integrated public housing development in the United States. Public Housing remained largely—while not completely—segregated. Despite the end of *de jure* segregation during the civil rights movement and passage of Title VIII of the Civil Rights Act, also known as the Fair Housing Act, *de facto* segregation was never rectified, even today.

Development

- Commodore Perry (Buffalo, NY), 772 units
- Adrean Terrace (Utica, NY), 199 units
- Pioneer Homes (Syracuse, NY), 607 units
- Cottage Place Gardens (Yonkers, NY), 256 units

PHAs screened for "need and merit." For example, household employment at Harlem River Houses was 100% while only at 40% for the rest of Harlem. Public Housing residents were more well-off than their neighbors, had better housing, and stronger communities.

1952-55 - THE OTHER HALF

Rochester, Rensselaer, and Saratoga Springs Housing Authorities founded. Most public housing units to this point did not go to those who needed them most, instead PHAs worked to keep "non-desirables" out (ex. teen parents, those suffering with mental illness, history of addiction or joblessness) and provide "racial balance" keeping developments segregated. Ultimately, NY, especially NYCHA drew from European social housing, envisioning model housing as a municipal service. This was opposed to the United States Housing Authority's (a precursor to HUD) view that public housing should be only for the poorest families. The first racially integrated housing complex in New York, Dorie Miller co-op in Corona, opened.

Developments

- Hanover Houses (Rochester, NY), 392 units
- Hudson Garden Apartments (Poughkeepsie, NY), 185 units

"Problem families must have new housing before they can be helped... 300,000 of the people forced to live in this city's slums and rat-infested tenements had been found ineligible for NYCHA housing."

— JAMES DUMPSON, NYC WELFARE COMMISSIONER (1959-65)

1960-66 - A SHIFT TO SPECIAL POPULATIONS

Most PHAs in New York, as well as those around the country, had fully shifted to public housing being strictly for low-income and special populations, as the federal government had a preference against a housing regime that competed with the private market. Any dreams of housing as a municipal service began to vanish.

Developments

- Hortense B. Stern Apartments (Plattsburgh, NY), 48 units
- General MacArthur Senior Village (Hempstead, NY), 143 units
- Jefferson II (Saratoga Springs, NY), 30 units
- Skyline Apartments (Watertown, NY), 70 units

1968-72 - STRUGGLES

Due to differing visions of what public housing could accomplish, the federal government had a limited role in NYCHA's public housing development. By 1965, only 41 percent of NYCHA developments were federally funded, as opposed to 37 percent from state funding and 22 percent from city funding. NYCHA ends its "moral" restrictions and 1970's recessions and growing income inequality put pressure on housing market. The number of welfare recipients in public housing increases. Public housing becomes less diverse overall.

Developments

- Vanderbilt Terrace (Saratoga Springs), 58 units
- Perretta Twin Tower (Utica, NY), 108 units, "Senior"
- Gladys Gardens (Hempstead, NY), 30 units

"An overwhelming proportion of public housing ...in the United States directly built, financed, and supervised by the Federal Government-is racially segregated... [O]ur Government, unfortunately, has been sanctioning discrimination in housing throughout this nation."

—SENATOR EDWARD BROOKE (1968)

Mid-70s - "URBAN RENEWAL"

Federal funding for public housing cuts begin and continue for decades. Low rents and decreased funding lead to "urban renewal" efforts. Cities sell land and private owners demolish once public property.

Developments

- London Towers (Ilion, NY), 106 units
- Colombia Apartments (Hudson, NY), 117 units

"We propose phasing out direct subsidies to housing authorities and to end public housing as we know it."

— U.S. PRESIDENT BILL CLINTON (1995)

1980s & 2000s - PUBLIC-PRIVATE PARTNERSHIP & Hope IV

Public Housing funding continues to be cut while vouchers become the most used federal housing tool. Tax credits, development loans, and dispositions with inclusionary zoning replace public housing production. NY created the Housing Trust Fund and the Homelessness Turnkey Program to make up the gap left by federal divestment in housing. PHAs across the nation demolish their public housing through the Hope VI program. However, Hope VI was not as popular in NY municipalities as it was in cities like Chicago (which demolished more than 76,000 units through Hope VI), New Orleans (~4,000 units), or Pittsburgh (~3,000 units).

Developments Demolished via Hope VI

- Commodore Perry (Buffalo, NY), 1996
- Goldbas Homes (Utica, NY), 1998
- John J. Ahern Apartments (Troy, NY), 1999
- Prospect Plaza (New York, NY), 1999
- Lakeview Homes (Buffalo, NY), 2001
- Olean Townhouses (Rochester, NY), 2002
- Kennedy Townhouses (Rochester, NY), 2002

2010s+ - THE FUTURE

Through Hope VI's successor, the Section 18 program and RAD, tens of thousands of demolitions and conversions and many more developments in dire conditions leave NY's public housing stock in question, far from its height of 225,000 of the best rental units in the state. While NY public housing was the first to practice the idea of housing as a municipal service—and was the last to hold on to the idea—lawmakers and policy leaders across the state have gone into "crisis aversion-mode," hollowing out their workforces, and disposing of assets in return for whatever cash the private market will provide.

This history shows that government built-social housing began in NY, and its struggles are the result of political will—not fiscal, economic, or policy limitations.

Choices.

From Public Housing Authority to Vouchers and Private Landlords

The conversion of Public Housing units to Section 8 project-based vouchers through HUD's Rental Administration Demonstration (RAD) Program is largely the only option the U.S. federal government has provided for the preservation of public housing developments–forcing them to choose between private management and disrepair and eventual demolition.[9] RAD was instituted in 2012 by the Obama Administration to address the U.S. public housing system's $35 billion in capital needs, by allowing PHAs to convert their Section 9 public housing units to Section 8 vouchers.

RAD has several advantages for HUD and PHAs looking to preserve public housing:

1. Private firms have cash to invest thanks to revenue sources from other projects. PHAs have no excess revenues and have spent decades operating in the red.
2. Procurement and labor requirements make operating and repairing housing more expensive for PHAs than for private companies. Specifically, the projects can use various types of Design-Build and Construction Manager at Risk procurement methods instead of Design-Bid-Build that PHAs (except NYCHA) are restricted to.
3. Funding options that are unavailable to units stewarded under Section 9, like Low Income Housing Tax Credits (LIHTC), and loans that use housing as collateral are available.

RAD's appeal for private developers is guaranteed income in the form of Section 8 vouchers that receive a steady bump from an inflation factor and the financing options mentioned above. (Section 9 funding is issued on a development-by-development basis and is less reliable.) It is important to note that Section 8 project-based vouchers are not the same as the tenant-based program mentioned earlier. Tenant-based vouchers follow an eligible family and can be used in any unit that a family can afford, whereas project-based vouchers stay with one specific unit.[10]

TABLE 2 – RAD STEP-BY-STEP DIAGRAM

	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8
HUD	Review Preliminary Application					Approve the Plan		
PHAs	Engage Residents and Board	Choose Development Team	Include Conversion in PHA Plan and Apply to HUD	Ensure Units Meet Housing Quality Standards (unless S188) and Create Joint Company to finance the Project	Secure Financing (usually in concert with local agencies)	Sign 99-year Lease		Administer Vouchers (check incomes, recertify etc.)
Private Company							Complete Renovation in 2 Years	Manage the Property and Collect Rents and Vouchers from HUD/ Congress

11The RAD conversion process begins with a series of resident engagements, followed by the PHA submitting an application. If HUD approves the project, they will issue a conditional approval. After ensuring that the units meet Housing Quality Standards (HQS), the PHA then issues a 99-year lease12 to a public-private entity—a joint company which is controlled by both the PHA and a private development team. The PHA retains ownership of the land and administers the tenant's vouchers, while a private management company takes on the task of managing units, collecting rents, and dealing with tenancy concerns. HUD requires that the development be upgraded in the first two years of the contract.

TABLE 3 – “RENTS” FOR A 2-BEDROOM UNIT HOUSING A 4-PERSON EXTREMELY LOW-INCOME FAMILY UNDER THREE PROGRAMS IN THREE DIFFERENT NY COUNTIES

High Market Public Housing (similar to NYCHA's Ingersoll Houses)

Medium Market Public Housing (similar to Poughkeepsie Housing Authority's

Weak Market Public Housing (Albany Housing Authority's Steamboat Square)

	SECTION 9 PUBLIC HOUSING			RENTAL ASSISTANCE DEMONSTRATION (RAD)			SECTION 18 TENANT PROTECTION		
	High Market	Medium Market	Weak Market	High Market	Medium Market	Weak Market	High Market	Medium Market	Weak Market
Gross Rent + Utilities	$ 1600	$ 1,232	$ 1,107	$ 1600	$ 1,232	$ 1,107	$ 2,696	$ 1,741	$ 1,444
What Do Tenants Pay?*	$ 1000	$ 843	$ 795	$ 1000	$ 843	$ 795	$ 1,000	$ 843	$ 795
What's the Total Government Subsidy?**	$ 600	$ 389	$ 312	$ 600	$ 389	$ 312	$ 1,696	$ 899	$ 649

*This is an estimate, assuming the final adjusted income. Rent is 30% of adjusted incomes, but the calculation of incomes varies slightly between the Section 8 and 9 programs. This means that the final adjusted amount (and rents) can differ depending on the source of income and other family characteristics. The incomes in this table are different in each development, becuase ELI is different depending on the metro area in which a family lives.

**For Section 9, the subsidy is both the capital and operations funding spread accross the development's units. Maximum RAD rents are set at the Section 9 capital fund+operating fund+tenant rent inflated by a factor (known as OCAF provided by HUD). TPVs are maxed out at 110% of Fair Market Rent (FMR).

While RAD conversions have brought increased capital to government-built housing developments, there are valid concerns around what it means to no longer have a single housing program under the same statutory and regulatory authority mandate, management, and administrative oversight mechanisms. Despite promises to provide equivalent protections, these protections are ill-defined within the various programs' legal frameworks and it is unclear how they will be reliably implemented and enforced. It is sometimes unclear who will enforce compliance, for example, especially with private landlords who are all unfamiliar with resident's rights under Section 9, having never administered the program. Whether or not landlords are unknowingly or purposefully flouting the RAD protections, there is often little in the way of accountability, especially from HUD. Furthermore, the experience for residents transitioning from the Section 9 program to Section 8 can be starkly different, as the rules for eligibility, succession, and what can get a resident evicted are different under the two programs.

RAD Blends and *The Trust*

It's important to note that even with the funds brought in by RAD, for most developments, the deals have difficulty closing due to a lack of funding. As an alternative, PHAs have looked to Section 18.[13] Section 18 is a HUD program that allows units that meet a certain criteria (usually great distress) to either be disposed of (sold) or demolished. Section 18 disposition is similar to RAD except the vouchers received after the conversion are worth more, but there are limited vouchers available through Section 18. So, HUD has allowed for what are called "RAD blends," wherein a percentage of units are converted to RAD and another percentage are put through Section 18 disposition. RAD was meant to be a cost-neutral program for the government, but the reality is that straightforward RAD conversions are becoming a thing of the past. Many of the deals were not feasible, and it is more attractive to developers given the higher government subsidies. Though RAD has a host of resident protections including a right to return and succession, none of these protections exist in Section 18. Many New York PHAs have opted for Section 18 demolition resulting in residents losing their homes entirely. Sometimes the developments served a different population post-conversion (going from senior to family, for example), and often, the unit counts were decreased, partially because smaller unit sized developments are easier for PHAs to manage.

Because of the pushback on RAD in New York City, NYCHA's RAD blends took a different form with Permanent Affordability Commitment Together (PACT) (sometimes called RAD-PACT). PACT has added protections secured by the NYCHA RAD Roundtable, which CSS took part in. But these additional resident rights and protections are not promised to PHA residents elsewhere in the state. Furthermore, even PACT with its increased rights and protections was not welcomed with open arms in New York City, as residents and advocates worried about introducing private companies to NYCHA campuses. As a result, the Public Housing Preservation Trust (the Trust) was created by NYCHA and chartered by the state.[14] The Trust has been set up to carry out RAD blends, except instead of a private company's involvement, a public entity *The Trust* will be the one signing the 99-year lease. The Trust can take advantage of some of the flexibility of not being a PHA while keeping the development completely public. But the Trust is unavailable to other PHAs in New York State.

The Anatomy of a Deal: RAD in *Anytown, New York*

Here we breakdown what a RAD deal looks like from the inside. Many New Yorkers have sat in on meetings and received paperwork introducing them to the program. And while each RAD deal is different, a look at how one is structured provides a basis for what questions to ask and which measures to look for to ultimately empower residents and advocates to better engage when faced with forthcoming public housing conversions.

EXAMPLE: Anytown, NY's public housing authority *Anytown Housing Authority* has a 6-building development named "Public Houses" that was constructed in 1955. *Public Houses* has 1,300 units that the authority would like to convert through the RAD program. A third party carries out a physical needs assessment confirming what the PHA had estimated — that the building has **$247,849,864.64** million in capital needs (20-year estimate). The residents of *Public Houses*, after seeing presentations from several developers chose *Ordinary Real Estate Company's* plan to renovate the development. *Ordinary* is a for-profit private company, who, along with other companies who showed interest, have a history of developing affordable and market rate units in the state. *Anytown Housing Authority and Ordinary Real Estate Company* came to an agreement and created a joint company named *RAD Public Houses, LLC*. The new company *RAD Public Houses, LLC* enters into a 99-year ground lease agreement with *Anytown Housing Authority* after HUD approved their plan.[15] A majority of the new LLC is controlled by the housing authority and a lesser share is controlled by *Ordinary Real Estate Company* who will carry out the repairs and management of the buildings. Before they begin the work, *Anytown Housing Authority and Ordinary Real Estate Company* met with NY State officials and went to banks to secure financing for the much-needed repairs. Here's what they were able to get:

- $140M: the state Housing Finance Agency (HFA) has committed to loaning *RAD Public Houses, LLC* a $140.03 million construction loan. Two-thirds of the loan will come from a local bank named *Average Bank* and the rest will be funded by the state HFA.
  - The HFA has issued a bond to raise money specifically for the preservation of affordable housing. So, the HFA will fund its portion of the loan using Tax-Exempt Bond proceeds and some recycled bonds.
  - The loan will be a little short of what's needed, so NY will also throw in funds from a state subsidy known as the State Development Better Communities Fund.
- $89.1M: Public Houses is a very old development that happens to have a number of buildings that are on the National Register of Historic Places. This means that the state and federal government want to preserve the site as it was when it was created, more or less. As a result, when *RAD Public Houses, LLC* approached the state and banks about the plan, they were offered funding from historic tax credits. Because the project is preserving affordable housing, the state also allowed for the use of Low-Income Housing Tax Credit funds (LIHTC). NY gave tax credits—that lower the amount of income tax the holder has to pay—to Average Bank who in turn gave $89.1 million to *RAD Public Houses, LLC.*

This $229,100,000 is a good start, but they are still short of the construction costs to renovate Public Houses. And the loan terms are not ideal. *Anytown Housing Authority* returns to the state HFA with a plan:

1. The housing authority asks *Ordinary Real Estate Company to put in $25,460,000*
2. *The Housing Authority asks Anytown, NY* to contribute some of its federal HOME dollars (a federal program used to expand the supply of decent, safe, and affordable housing within the State). Together the city and housing authority come up with $5.092 million of their own money.
3. With this new funding, the Authority asks the state to provide a permanent loan. A permanent loan is used to pay off the construction loan, upon completion of the project's construction. The permanent loan offers benefits, including that it gives *RAD Public Houses, LLC* more time to pay the loan back, offers lower interest rates that are fixed (i.e. don't change over time), and overall provide a stabler transition from construction to management of the development. The state HFA complies and uses its SONYAMA loan program to fund the permanent loan. And because this loan is going towards the preservation of public housing

it fits into the United States Treasury's Federal Financing Bank (FFB) and the Federal Housing Agency's Risk Sharing Program.[16] This federal agreement will provide the needed capital and have the federal government take on half of the risk of the permanent loan.

4. NY also was able to contribute equity from its solar tax credits program to fill the rest of the project's gaps, covering loan-related deposits, fees, funding reserves, and covering other project related payments.

With this financing secured, the project can get underway. The first two years see the more immediate renovations of the property, in accordance with what the federal government and NY State officials believe preserves the "historic character" of the buildings.[17] The company completes $168,97,935247 million of renovations to the buildings in the first two years. The PNA shows at least this level of need to address a large set of issues from bathroom renovations to heating system fixes and lead abatement. Note that a development as old as Public Houses would likely have even more need. Domestic water system upgrades, foundation issues, facade work or complete replacement of the outer brick, among other issues, are not listed in the PNA done by an independent company. However, most of New York's public housing has needs in all of these areas. And RAD requires that the scope of work for the projects reach the 20-year need. (See TABLE XXa for Public Houses' 20-year needs.) However, all of the repairs and replacements do not happen immediately; remember that different equipment have different life cycles, meaning different points at which they need to be replaced/fixed. The project cost also includes an initial reserve deposit and ongoing replacement reserve deposits to make repairs and renovations to system and equipment who's life cycles run out later. The more cosmetic changes are completed first, so that tenants can actually see the improvements. Then, later in the construction schedule, tenants are temporarily relocated during lead remediation and apartment construction.

TABLES 4a AND 4b: WHERE DOES THE $ COME FROM AND WHERE DOES IT GO?

DEVELOPMENT RENOVATIONS + INITIAL COSTS	HOW ARE THEY FUNDED?			
259.5	Private company Investment	Construction Loan	LIHTC	City and PHA Subsidy
	$25.40	$14.00	$89.10	$5.00

Anytown, NY Housing Authority

WORK TYPE	20 YEAR NEED
Apartment Bathroom	$ 64,754,901.34
Apartment Kitchen	$ 57,523,425.00
Apartment Renovation	$ 94,039,776.96
Building Windows	$ 3,555,150.41
Heating System	$17,027,908.02
Lead Based Paint	$10,836,820.34
Roof Tank	$111,882.57
Reserves/Other	$4,650,135.36
Grand Total	**$ 259,500,000.00**

Once the project is completed, *Ordinary Real Estate Company* begins to receive tenant rent and Section 8 subsidy payments, while beginning to act as the manager of the Public Houses. Specifically:

1. **Collecting Rent:** The company collects $2.8 million a month from the development, $1.9M in voucher subsidy and $933,000 in tenant rent payments. (See the rent and unit breakdown in the appendix.) Sixty-one percent of the subsidy is from the TPV vouchers and the rest is from RAD Section 8 vouchers. This project balances out only because a large portion of TPVs were used.[18]

2. **Operating Expenses:** The annual operating expenses are assumed to be $7,134.61 per unit. (See the management costs table in the appendix.)

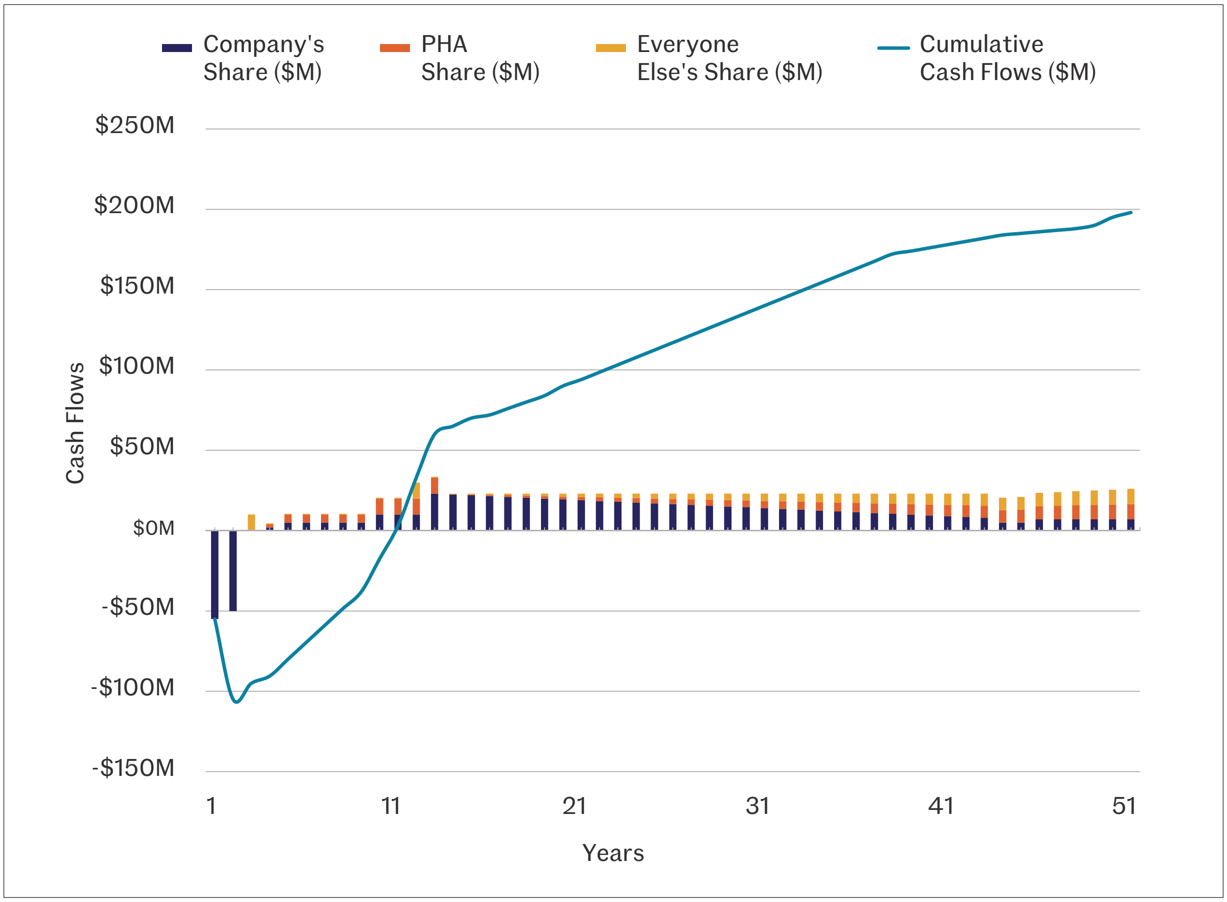
3. **PHA's Share:** As a controlling member of *RAD Public Houses, LLC*, the housing authority ensures that it receives some funding that flows in post-conversion. After all expenses and debt payments are paid, the PHA is assumed to receive 50 percent of the company's cash flow every year starting from Year 3. The PHA also receives an annual administrative fee and utility management fee, which equals 3 percent of operating costs together. The PHA also receives 50 percent of the developer fee, which is 5 percent of the total project costs.

After the renovations are made, the buildings begin to run, and *RAD Public Houses, LLC* uses rents and subsidies to pay off its debts and cover its operating expenses. The funds flow through what is called a distribution waterfall — a method in which property cash flows are distributed to investors. Eventually, the joint company disperses funds to *Ordinary Real Estate Company* based on an agreed upon schedule, and the remaining profits are shared with *Anytown Housing Authority.* These funds go back into the major capital needs across Anytown's public housing portfolio.

Net Cash Flow: These bars represent the sum of all cash going in and out of the company from this project that year—so after making loan payments, doing repairs, and running the buildings every year, how much is left over from the rents and subsidies collected.

Cumulative Cash Flow: This line represents the sum of net cash flows over time.

CHART 6 – NY RAD PROJECT CASH FLOW FOR *ORDINARY REAL ESTATE COMPANY*



We can see where money goes in the long term. *Ordinary Real Estate Company* as developer and manager initially invest $25.5 million of equity, and over the 30-year period, their joint company with the housing authority receives income from tenant rents and project-based vouchers,[19] pays operating expenses and debt service on the loans, and splits the remaining cash flow with *Anytown Housing Authority*. The structures of these deals—with a joint company that has a lease from one of its owners and hires its other owner—is peculiar to say the least. Overall, this scenario makes it clear that it is very difficult to fill the gap left by the lack of capital funds. Federal policy decisions have made it so that PHAs can only attempt to fill the gap when in partnership with the private sector. These public-private partnerships, known as P3s, are becoming more and more popular in everything from bridge and road construction to public hospital management. Beyond debt limits and funding gaps, these deals make up for the fact that capacity, knowledge, and innovation in government has been stifled leaving the public workforce hollowed out. As a result, P3s like RAD conversions offload risk to private companies. But this comes with tradeoffs. Firstly, they are somewhat of a self-fulfilling prophecy: government created RAD because PHAs aren't equipped for the job and RAD in-tern cedes more ground to for-profit organizations, making PHAs less equipped. Furthermore, it forces PHAs to lease off revenue producing assets for the long term— which, most importantly, leaves the future of public housing subject to the whims of the market and profit-motivated organizations. This means that these deals only work if they are lucrative enough for the developer/management company. And many times, they are not—at least not until taxpayers inundate them with government-approved subsidies and tax benefits. Because there are many other ways to make a profit (with way less risk), every deal has a point in which the company would not invest.

For our example here, *Ordinary Real Estate Company* has a minimum acceptable return on equity (ROE) [20] which depends on the company's cost of capital and risk tolerance. A lower ROE would mean a lower net income given what was invested, which may make the project financially unviable. They could draw a line at the average ROE for real estate development in the United States which is 10.51 percent. If this was the profitability line they drew, any deal with an ROE below this would not be seen as feasible because the company could make more money investing the same amount in another project. The ROE for this project is exceedingly high, which is how you know that you're reading a policy report and not looking at actual RAD financial documents. In order to show the full RAD toolset, we included a host of subsidies that wouldn't quite come together in the real world. In fact, if public housing financing like that in our example was available, PHAs wouldn't need RAD at all to preserve their buildings.

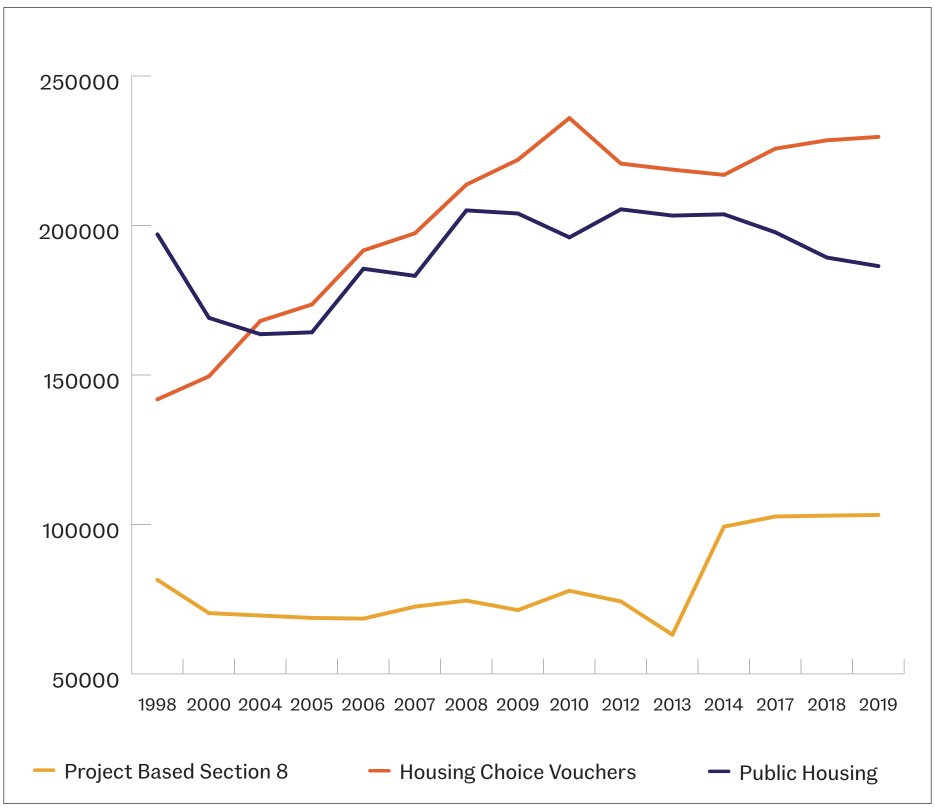
How each RAD project is financed (or whether one is financed at all) is contingent upon local policy choices, available resources, the existing real estate market, and each development's needs. New York City, for instance, preserves its LIHTC's for privately owned affordable housing projects, opting instead to only use mostly taxable bonds and the city's Housing Development Corporation (HDC)'s balance sheet on conversions. While this may work in the city, where vouchers are worth more due to an expensive rental market, this isn't the case elsewhere. Upstate PHA's struggle to secure financing and private partners with enough capital to invest; the state is often a vital partner, especially New York's Housing Finance Organization (HFA) and the NY State Department of Homes and Community Renewal (HCR), as displayed in our example. The bottom line is that, in the real world, large developments like *Public Houses* in *Anytown, NY*, quite likely would not be able to receive the necessary repairs through this program, and it is representative of many across the state. There are a host of developments that RAD cannot help, and there is no plan to address their capital needs. Now, let's shift gears, leave *Anytown* behind and get back to the real world.

RAD in *the Real* New York

Across the country, thousands of public housing developments have been demolished over the last 50 years. At its height, New York State had over 225,000 public rental homes. An estimated 10,374 units (4.6 percent) were demolished or sold in New York and another 21,805 units (9.7 percent) were converted to Section 8 project-based vouchers. Voucher usage has increased tremendously, after political attacks on public housing households (and funding) weakened the program. But 1) vouchers have never been expanded to meet the need and 2) even the political fondness once held for vouchers is souring due to what some see as inefficiency and high rate of failure in low vacancy areas either due to source of income discrimination or a mix of high rents and low subsidies. There have also been calls to terminate vouchers entirely, with the most recent being the 2024 Republican House Budget Plan.[21]

The numbers of public housing units in New York State have steadily declined over the last decade, coinciding with an increase in Section 8 usage in the 2010s. In some counties, governments have completely divested from their public housing programs.

CHART 7 – HUD-FUNDED UNITS IN NEW YORK STATE BY PROGRAM (VARIOUS YEARS BETWEEN 1998 and 2023)



Source: U.S. Department of Housing and Urban Development (HUD), "Picture of Subsidized Households", 1998-2019[22]

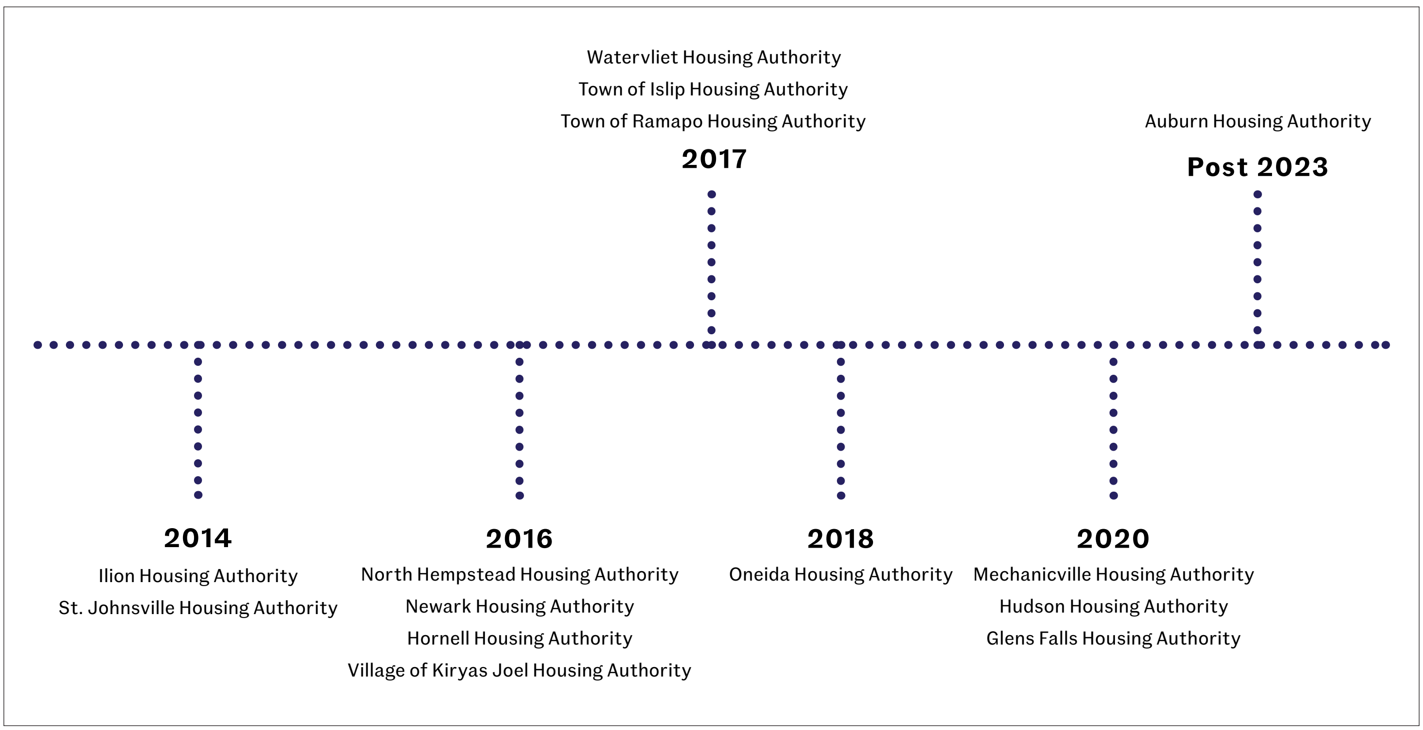
TABLE 5 – NUMBER OF NEW YORK STATE HOUSING AUTHORITIES ADMINISTERING PUBLIC HOUSING OVER THE YEARS

YEAR	PHAS FUNDED BY HUD (ACC UNITS)
2010	85
...	
2017	79
2018	75
2020	74
2021	72

Source: U.S. Department of Housing and Urban Development (HUD), "Public Housing Dashboard," 2023

From 85 public housing managing agencies in 2010 to 72 as of 2021, New York State lost 2,259 Section 9 units across 14 agencies over the last decade. Watervliet, Islip, and Ramapo housing authorities all managed hundreds of units funded by the Section 9 program in 2010. By 2021—along with 10 other smaller PHAs—they no longer had any Section 9 units. If conversions currently in the pipeline occur within the next seven years, by 2030 12,958 more units will leave the program and one more housing authority will no longer manage units. The large majority of these units (11,484) are NYCHA conversions from Section 9 to Section 8 project-based vouchers. This is a conservative estimate, only including units in the RAD pipeline that HUD accounts for. NYCHA alone is looking to convert 12,098 units more than what HUD has listed, though the timing for those conversions is unclear.

CHART 8 – PUBLIC HOUSING AUTHORITIES (PHAs) WHICH HAD ALL THEIR UNITS CONVERTED FROM SECTION 9 TO SECTION 8 PROJECT-BASED VOUCHERS

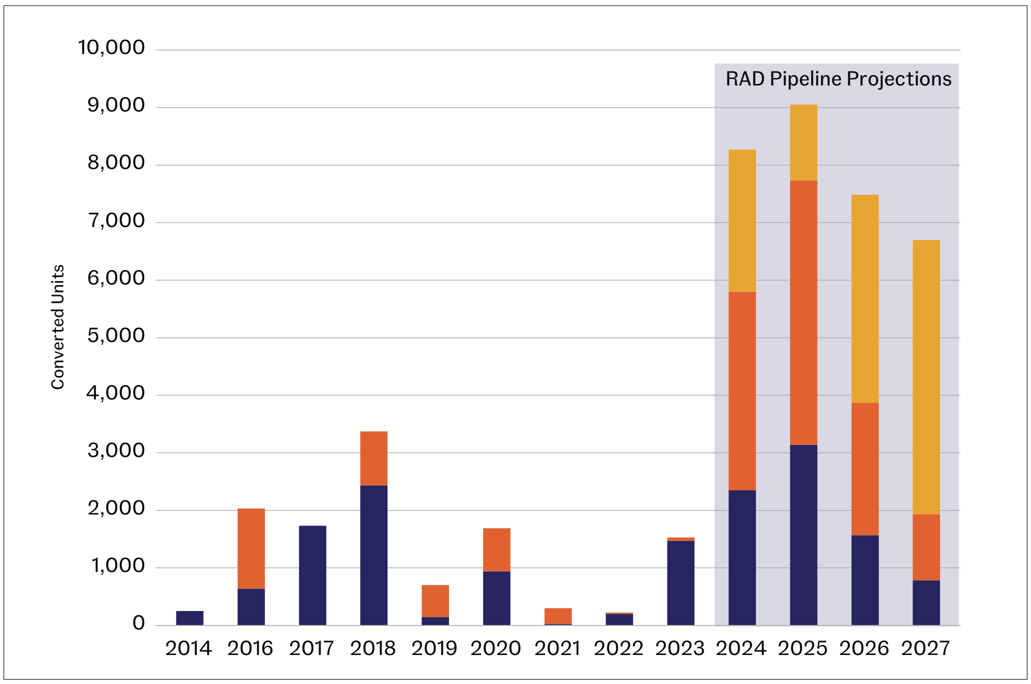


Source: U.S. Department of Housing and Urban Development (HUD), "Public Housing Authorities," 2023,23 U.S. Department of Housing and Urban Development (HUD), Rental Assistance Demonstration Resource Desk, 202324

According to HUD, 10.4 percent of New York's public housing has converted to RAD. New York has converted the 14th least amount of its Section 9 portfolio—well below average for the country, and states such as Vermont and Tennessee that have converted 70 and 57 percent, respectively. Though, this speaks more to the scale of NYCHA and the pushback conversions have faced in the city than it does to any real policy differences. As of January 2023, Public Housing Authorities (PHAs) in New York have converted 61 projects covering 21,805 housing units under RAD or RAD blends. The conversions brought a total of $3.2 billion in financing to cover hard construction costs. The model authority and company in our example model what happens with the participants in real RAD deals across the state. For instance, 84 percent of those

RAD construction costs were covered by private loans, like the $120.6 million Hunt Real Estate Capital lent to NYCHA and RDC Development to finance the conversions of scattered public housing sites in the Mott Haven section of the Bronx[25] in 2018, or Steamboat 20, LLC's commercial mortgage[26] taken out to cover part of the $32 million project in Albany in January 2023. However, a significant portion of RAD project financing stems from government investment. Hunt Real Estate Capital's loan was from federal loan servicer Fannie Mae, and the project's use of HUD Section 18 vouchers allowed the project to pencil out, just as in our example. Steamboat 20 used a mix of Albany Public Housing Authority non-federal funds, City of Albany HOME funds, 9 percent Low-Income Housing Tax Credits, New York State Office of Homes and Community Renewal funds, Empire State Development Corporation funds, and New York's Clean Heat Incentive Program funds.[27] The inaugural NYCHA conversion in 2016 at the Ocean Bay Development required FEMA Hurricane Sandy funding to close.

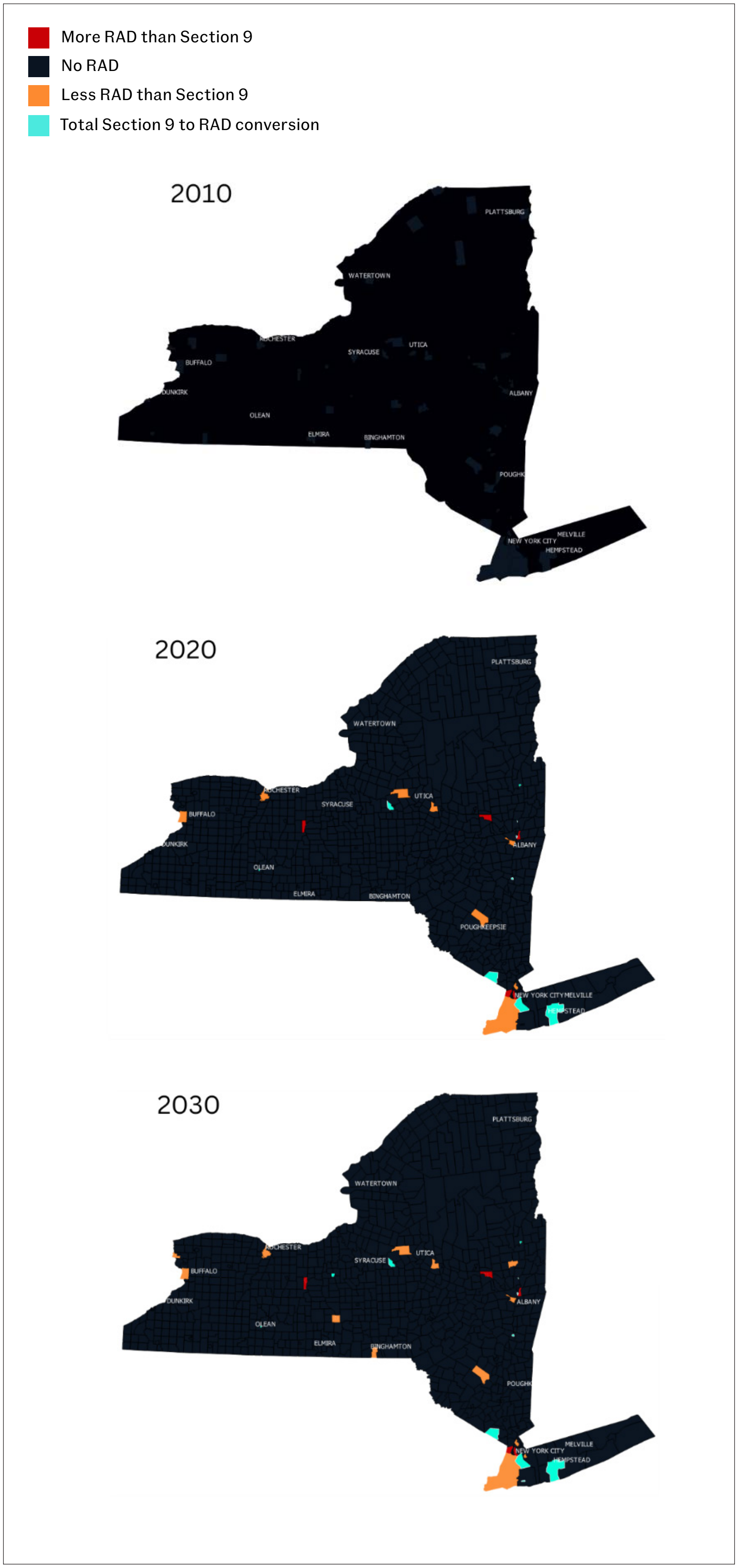
CHART 9 – RAD CONVERSIONS IN NEW YORK STATE (UNIT COUNT)



Source: U.S. Department of Housing and Urban Development (HUD), Rental Assistance Demonstration Resource Desk, 202328, New York Housing Authority (NYCHA), 2024 Annual PHA Plan, 202329

Of the 61 projects that have closed in New York, 10 percent (6 conversions) received FHA insured loans, and half of the projects used tax credits, pulling $1.1 billion in credits. HUD points to RAD as the impetus for preservation of the homes of approximately 54,390 people in New York, extoling improvements to the physical condition of these properties and coverage of capital needs for the next 20 years. HUD ranks New York 35th in the country for "the percentage of former public housing units that have been preserved," and credits RAD with bringing in $149,286 per unit built or rehabbed. These claims are difficult to track, especially regarding how much public versus private investments are funneling into conversions.

MAPS 2A, B & C – RAD IN NYS OVER TIME



Source: U.S. Department of Housing and Urban Development (HUD), "Public Housing Authorities", 2023[31], U.S. Department of Housing and Urban Development (HUD), Rental Assistance Demonstration Resource Desk, 2023[32]

TABLE 6 — TOP RAD-USING PHAS IN NEW YORK, BY NUMBER OF UNITS CLOSED (2023)

HOUSING AUTHORITY	CLOSED TRANSACTION	CLOSED UNITS
New York City	12	14,565
Yonkers	4	1,349
Troy	10	1,224
Albany	2	472
Islip	1	342

Source: U.S. Department of Housing and Urban Development (HUD), Rental Assistance Demonstration Resource Desk, 2023[30]

The Trials of Voucher Conversion for PHAs and Residents

Conversions from Section 9 to project-based vouchers come with on-the-ground changes that seriously complicate things for residents and create logistical and management questions that PHAs are still struggling with a decade later. There can be a significant learning curve faced by their workforce when transitioning from Section 9's Real Estate Assessment Center (REAC) standards to the Section 8 rules. As a result, some PHAs have had their union workforce almost completely phased out post-conversion. One mid-Hudson PHA has one blue-collar union worker left on staff.

From a resident standpoint, the biggest issue post-conversion is suddenly being a Section 8 household with a private manager and no longer having a relationship with the PHA. One situation that exemplifies this change is post-conversion recertification, or the process to confirm household income with the landlord. Multiple tenants complain about having to recertify by filling out two identical sets of documents for two different offices—one for the PHA, and another for the private manager. What's worse is that these documents appear to be almost identical. And that's especially difficult for people with disabilities or seniors.

Despite the new money brought by conversions, leaving the Section 9 program has other implications. A particularly challenging situation arose when one South Eastern PHA's development, which was in the process of a Section 18 conversion, was hit by a significant flood during a major hurricane. One million dollars of renovations were undone by the flooding, and the severity of the flood necessitated a significant reconstruction effort, for which the PHA turned to FEMA for grants. However, they encountered an unexpected bureaucratic roadblock: since the conversion process was underway, the Department of Housing and Urban Development (HUD) informed them that the units were no longer considered public housing but were now private. As such, they did not qualify for the assistance, and the PHA was advised to "get a loan."

The reality of developments no longer being public housing also hit during the COVID-19 Pandemic. During the pandemic lockdown, PHAs realized that tenants were dealing with serious mental health issues as a result of the isolation and fear they experienced but many did not have a mental health professional to help them through the ordeal. PHAs traditionally used Resident Opportunities and Self-Sufficiency (ROSS) Grants to deal with similar problems, but HUD will now reject applications to the program due to having converted through RAD. The purpose of the ROSS Service Coordinator program is to provide funding to hire and maintain Service Coordinators who will assess the needs of residents of conventional public housing and coordinate available resources in the community to meet those needs.

> **"RAD is like lipstick on a pig... it might look nice now that it's converted, but the boilers are still old, or the pipes are still old or they're leaking, or the roofs [need work]. But there's still massive capital improvements that need to be made. RAD didn't even scratch the surface of that. It's not a bad program, cause you're making the effort... you're getting involved and you're fixing kitchens and putting in a new bath. All these cosmetic changes are great, but the capital improvements are important too."**
>
> ***–NY PHA Executive***

As seen in our example, we also found that the capital needs covered by RAD often do not meet the true capital needs. RAD regulations require that the deal cover the 20-year capital needs. However, there seems to be a discrepancy between the needs estimated by the PHA and the third party that carries them out officially. Because the PNA must be done by an independent provider, there is an industry of providers that collect considerable fees for carrying out the estimates. Internal needs estimates can be up to $3 million short, according to conversations with PHA executives. This means that the official assessment of needs is not always accurate. However, it is the inaccuracy that allows the deal to go through. NYCHA also had a needs assessment miscalculation. For months, residents, elected officials and experts considered the options for preserving the Fulton, Elliot, and Chelsea Houses. A couple of years later, it was reported that the estimate was off by hundreds of millions of dollars. There is likely a needs assessment variation problem across the state.[33]

Additionally, it has long been known that HUD is not providing adequate oversight of the RAD program. The Government Accountability Office (GAO) found that HUD has not yet established procedures that would allow it to monitor post-conversion changes: *HUD doesn't track changes in rent or displacement.* Instead, as of 2016, HUD requires a PHA or new owner to log household characteristics, which is to be made available to HUD upon request. HUD has no plan to monitor RAD conversion outcomes but will instead select projects to review based on "risk of noncompliance." To say the least, HUD is taking a hands-off approach to oversight.

One of the major benefits of conversion to vouchers for public housing residents is the ability to be provided a regular Housing Choice Voucher (HCV) to use in the private housing market. However, this promise of mobility is only as useful as the availability of vouchers and success of the HCV program to work for tenants searching for units. After a year, any RAD family can request another voucher, however this is based on availability of the PHA's HCVs, with RAD residents being put high on the preference list. But there are some outstanding questions about how successful this process has been—especially when it comes to voucher availability.

HUD has recommended that PHAs use this plan in the case of a voucher shortage: If the project-based vouchers from RAD equal more than 20 percent of the PHA's authorized HCV units, the PHA can cap RAD mobility to 75 percent of turnover HCV units. HUD also allows them to make an alternative plan. Many PHAs have not published a plan of action, and with lowering attrition rates in voucher programs (as housing costs increase across the state) and with large portions of the public housing stock converting, there could be a large amount of tenants in converted properties unable to avail themselves of this much-lauded benefit.

A NOTE ON EVICTIONS AND TRANSPARENCY

NYCHA's first conversion of a development, Ocean Bay Houses, to RAD was followed with reports of increases in evictions. The worry and questions surrounding the reported increase culminated in a study by Enterprise Community Partners which found the data on evictions to be inconclusive. This speaks to a broader issue. In August 2022, a group of researchers including Mathew Desmond, author of Evicted, released a study in the academic journal Cities on evictions in public housing. The study, titled, "Eviction from Public Housing in the United States" found that PHAs with a higher rate of black residents had higher eviction rates (with a significant correlation) and that the eviction rates of a PHA were strongly associated with the eviction rates of the surrounding private units.[34] With these findings being shocking enough, according to the author of the Cities study, the lack of data transparency and accountability from HUD and local PHAs were "the biggest impediment[s] to understanding the degree to which public housing is fulfilling its mission of providing stable housing to low-income households (or reproducing demographic and socioeconomic disparities in the private rental market)…" New York public housing was not included in the study's sample because there was a "lack of robust data on eviction filings in NYC during our study period." When it comes to the housing of low-income residents, transparency and trust issues abound, and New York State is among the nation's top offenders.

According to conversations with public housing tenants and advocates, generally, tenants being evicted for nonpayment or other breaches of their lease often gather in "assembly line style for the housing authority day" at housing courts. Legal representation is sparse for these tenants and even worse so for those in administrative hearings. Public housing tenants often have hearings for various grievance and tenancy issues that don't rise to the need of court. Which issues bring one to a hearing from authority to authority varies, with some instituting intrusive rules and imposing punishments that would never occur in housing court, such as permanent exclusion from public housing developments and losses of tenancy for minor nuisance issues.

Furthermore, even if one is able to get a voucher, finding a unit isn't guaranteed given the reality of source of income discrimination and difficulties completing the process as a senior or person who has a disability in the private rental market. One PHA executive spoke of this constant worry about exceeding their voucher authority, or the cap placed on the amount of vouchers they are allowed to issue. So, they always "leave some in the tank" in case there is a major disaster or fire, and the city needs them to provide vouchers to families faced with homelessness.

PHAs are put in a difficult situation due to HUD's rules around voucher usage and the different priorities they have to weigh. For one, they must maintain an average utilization rate of 90 percent in order to avoid punitive actions from HUD (freezing of admin fees and a warning) and a loss of funding when it comes time for renewing funding for the next year. Ultimately, PHAs—especially those in expensive rental markets like NYC—are forced into a "balancing act" on multiple fronts. They must weigh the total number of families served vs mobility, because serving the most families possible means lower per-voucher amounts, consigning users to lower-income neighborhoods, while higher per-voucher amounts mean more access to high-opportunity areas but fewer families served. Furthermore, they must weigh the risk of exceeding budget authority vs. dips in utilization. Not spending the entire budget authority leaves vouchers unused and families unserved, yet running out of money and exceeding budget authority could mean punishment by HUD or not having vouchers when there is a crisis, as the PHA executive noted. In order to avoid exceeding their budget authority, PHAs hold a small percentage of funds in reserve. This can provide a cushion but comes at a cost. Furthermore, if utilization dips too low, the PHA may face punitive action that will limit the funds they can access the following year, shrinking the program.

This balancing act is in the context of voucher funding that is underfunded due to an outdated funding formula. A 2015 study published by HUD showed the outdated nature of the existing funding formula. It found that between 2012 and 2014, PHAs had been significantly underfunded to run the HCV program. HUD looked at more than 50 potential cost drivers and found seven that were highly related to variation in per-unit costs.[35] The size of the program and wages in the PHAs market explained a large portion of voucher unit cost, and health insurance cost, the percentage of tenants with earned income, new admissions rate, percentage of renters living in high-income areas, and distance voucher holders live from the PHA's headquarters were the other correlative factors. It's easy to see why these factors have impacts on operational costs, and given the characteristics of New York's PHAs, it is amazing that the programs have been functioning without a formula that comprehensively takes these factors into account. PHAs are not receiving adequate funding to operate the voucher program, an unacceptable reality in the midst of a housing affordability crisis.

Looking Toward the Future

The federal government has stepped back from its role in providing resources for public housing and has completely abandoned its role in building more. In a five-year period between 1977 and 1981, HUD's budget as a percentage of the United States' Gross Domestic Product (GDP) averaged more than 1 percent and has dropped to .3 percent in the last five years.[36] Public housing, along with the total housing assistance budgetary authority, has seen a large share of the disinvestment, decreasing 71 percent over the last four decades adjusted for inflation. Voucher funding overtook all other spending at the turn of the century, but has remained relatively flat since, outside of increases to replace public housing and keeping up with inflation.[37] The budgets mirrored legislative language.

The 1937 U.S. Housing Act, home to the majority of modern housing statutes and assistance programs such as voucher and public housing programs, originally stated that the federal government's role was to "to assist the several States and their political subdivisions to . . . remedy the unsafe and insanitary housing conditions and the acute shortage of decent, safe, and sanitary dwellings for families of low income." This statement, found in the Housing Act's preamble, was altered in 1998 through the Quality Housing and Work Responsibility Act (QHWRA) to say that federal government's role was now to "promote and protect the independent and collective actions of private citizens to develop housing." This change in mission is evident in declining housing investments since their height in the late 1970s. Similarly, the New York State Law (Pub Hous. Art 13. Title 1. Sec. 403) that organizes the New York City Housing Authority (NYCHA) also exhibits a narrow focus for the role of public housing. Specifically, the law articulates that "private enterprise should be encouraged to the greatest extent possible to enter the field of housing in which the authority now operates so that the authority may be able to concentrate its activities at the earliest possible moment on providing housing exclusively for the lower income families."[^1^] This directive, much like the changes in the 1937 U.S. Housing Act, emphasizes a limiting of the scope of public housing authorities in the housing market. Such a narrowed focus can inadvertently sideline the broader housing needs of the community and reduce the potential for innovative, mixed-income housing

solutions. As shown in the timeline earlier, the federal government both kept public housing from becoming a municipal service and then starved the PHAs of resources to reject a system they set up to fail. We are at the tail end of that story.

With the failure of the 2022 Build Back Better Plan put forth by President Joe Biden and the consequent failure of the version passed by the U.S. House of Representatives—which included $80 million for public housing—there is little evidence that this Congress or the current Administration will fund the billions of capital needs in New York's public housing, let alone supporting the building of new homes by the government. Given the federal government's diminished role in public housing and the magnitude of the need, it is imperative to take back the narrative on government-built housing here at home. We can look both abroad and in New York State for some instructive examples of how government-built and supported housing can be successful when it is adequately invested in over the long term.

Savonnerie Heymans Public Housing in Brussels, Belgium is a 100% public housing project renovated from a former soap factory. Its 42 units surround a mini-forest garden, playground, and more.

Public housing is social housing, and in New York it is the best and most successful example of what the government can do. For decades, public housing has given New Yorkers an affordable home when the private market was devastated by a fiscal crisis in the 1970s and during moments of depopulation, and in more recent years when hot markets displaced many tenants and vouchers were rendered almost unusable except in the most segregated communities. CSS, in its 2022 report "Pathways to Social Housing in New York," laid out the path New York could take to move further into the direction of broadening and strengthening social housing in the state. This expansion must include public housing acquisition, preservation, and development—and public housing residents across the state should be at the forefront of any movement to prove that government *can* build and manage housing, because New York has already proven it.

Furthermore, in CSS's recent polling, affordable housing was the number one thing New Yorkers said they needed to get ahead economically, and surprisingly, New Yorkers in New York City overwhelmingly support TOPA, which would give tenants the first chance to buy the building when a landlord sells, and would receive public money if they turned the building into permanent affordable housing. 82 percent of respondents favored the idea when the program was described to them. This coincided with Data For Progress polling that found 81 percent of New York City voters support social housing.[38]

Currently, Vienna has been shown to be an example of one city that proves (just as in New York) that government housing can be and is good for providing affordable homes. In different ways, Singapore and Spain present a vision of social housing that can serve as models for the future. Both countries offer primarily owner-occupied social housing, *Vivienda de Proteccion Publica* (publicly protected housing) in Spain and HBD Flats in Singapore. The government subsidized units are bult, renovated and sold by the state, and have restrictions around their resale and various means of subsidizing the purchases of low-income households. Spain's social housing is known for outstanding quality, but only 2 percent of its households call the government-built units' home, compared to European neighbors the Netherlands and Austria, where 30 percent and 24 percent do, respectively.

80% of the Singaporean population live in government-built & owned housing.

As excitement about social housing builds in the United States, we must tackle how to incorporate and modernize our existing government-built units and statutory and regulatory structure into the new conversation. For New York, this can mean looking into ways we use existing authority to include public housing units with other types of both affordable and market-rate development. New York's PHAs have the authority to build almost 15,000 public housing units. These units, known as Faircloth units (named after the amendment to the "Housing Act" which capped the net amount of public housing units) can be built in tandem with other units. HUD has created a path to utilize the Faircloth Authority in the RAD program through what's known as "Faircloth to RAD." It uses the authority to promise for a matching number of project-based vouchers. The first such project was in Galveston, Texas. The Galveston Housing Authority (GHA) facilitated the development of the "Oleander at Broadway," a 348-unit rental property built on the site that was damaged during Hurricane Ike. The project uses Low Income Housing Tax Credits (LIHTC) and Community Development Block Grant Disaster Recovery (CDBG-DR) funding. The project is 75 percent rent-restricted with 174 of the units being built using their Faircloth Authority and converted to project-based voucher units. As of 2021, 22 other Faircloth to RAD projects had been proposed. Though, as seen here even with Faircloth to RAD and use of other types of federal funding, there will still be gaps in funding necessitating the construction of market-rate units as well.

TABLE 7 – NEW YORK PHAS WITH 10+ UNITS OF FAIRCLOTH AVAILABILITY (A.K.A. HOW MANY NEW UNITS OF PUBLIC HOUSING COULD BE BUILT AND FEDERALLY FUNDED)

PHA	NEW UNIT (FAIRCLOTH) AVAILABILITY
New York City Housing Authority	12089
The Municipal Housing Authority City Yonkers	1082
Buffalo Municipal Housing Authority	342
New Rochelle Housing Authority	240
Albany Housing Authority	189
Utica Housing Authority	155
Greenburgh Housing Authority	115
Glens Falls Housing Authority	114
Schenectady Municipal Housing Authority	95
White Plains Housing Authority	90

PHA	NEW UNIT (FAIRCLOTH) AVAILABILITY
Village of Hempstead Housing Authority	81
Syracuse Housing Authority	74
Rochester Housing Authority	65
Town of Huntington Housing Authority	50
Watertown Housing Authority	43
Glen Cove Housing Authority	38
Elmira Housing Authority	20
Town of Islip Housing Authority	18
Troy Housing Authority	17
Rome Housing Authority	15
Freeport Housing Authority	11

Source: ABT Associates, "Capital Needs in the Public Housing Program", 2010

CASE STUDY: MUNICIPAL HOUSING AUTHORITY OF THE CITY OF YONKERS (MHACY)

Ultimately, PHAs in New York are in a constant search for funding to save (or redevelop) the aging housing stock, and in some cases, agencies do have funds to support aging public housing stock, such as the Municipal Housing Authority of the City of Yonkers (MHACY). In efforts to use whatever tools and funding that were available to them, MHACY has continued to address the housing affordability crisis facing their community. The creation and use of a new development subsidiary has helped. Specifically, MHACY created a development arm, the Mulford Corporation, a non-profit dedicated to developing and managing affordable housing in the city. The housing agency has worked with Mulford to acquire and develop affordable housing, most recently the $44 million, 60-unit four story building for low-income seniors, La Mora. The development is energy efficient with low-flow plumbing fixtures, Energy Star appliances, LED lighting and individual high-efficiency electric heat and cooling. The building itself will feature a high-efficiency envelope, dual-pane insulated windows and a central hot water heating and distribution system. MHACY and Mulford Corporation will also incorporate an emergency generator so that the building remains powered in the case of a blackout. The project was completed on an empty lot that was acquired by MHACY.

The project was funded by:

- $17 million in permanent tax-exempt bonds from the State of New York
- Federal Low-Income Housing Tax Credits (LIHTC) that will generate $17.7 million in equity
- $9.1 million in subsidy from New York State Homes and Community Renewal (HCR)
- $240,000 in financing from the New York State Energy Research and Development Authority
- $3.4 million from the Westchester County Housing Implementation Fund
- $650,000 in HOME funds from the City of Yonkers
- A $2.6 million-loan from MHACY

MHACY's efforts defied odds further as they faced extreme sustainability issues, particularly flooding and the heat island effect, both due to climate change. MHACY had long proposed to embark on an environmental justice (EJ) effort to correct policies that in the past have caused communities of color to suffer a disproportionate share of these negative environmental consequences. Its own housing primarily serves communities of color, but the needed green development was out of the question financially. They happened to find a partner in Groundworks Hudson Valley, an environmental justice-driven organization, to both secure funding and the planning capabilities to see the project through. The result was $2 million-worth of white roofs, rain gardens, bio-swells, tree planting and other resiliency work, thanks to Empire State Development, Bank of America, and the Besos Earth Fund. They also create a "Green Team" of high school kids that come from these vulnerable areas, including MHACY housing. Among other projects, the Green Team has worked to address flooding in climate-vulnerable areas installing a rain garden at the Francis Reagan Townhouses, a municipal housing property affected by flooding every time it rains. One project included the maintenance of a greenery at the new playground in Smith O'Hara Levine Park. They planted a much-needed shade tree and constructed seating to provide respite from the extreme heat as a July 2022 heatwave increased temperature at the playground to 101 degrees—five degrees hotter than the city's official temperature. An adjacent shaded seating area constructed by the youth also helps the community escape the brunt of the heat. The Green Team has provided summer jobs and gives participants real world experience in the field of resiliency, providing a great boost to their resumes and college admissions while giving them the opportunity to impact their own communities.

Finally, MHACY has engaged in broader efforts to make their systems more sustainable. Yonkers developments tend to have very high water bills because the water comes down from their region, goes into New York City, and New York City pumps it back up and charges them. Any savings in water usage can mean cutting utility costs and being environmentally conscious. So MHACY hired a third party that did energy audits and has been getting money steadily back from New York Power Authority (NYPA) on their energy audits. There have been significant savings recovered and the third party only requires a percentage of the savings to pay for the initial audit. The agency is also looking into funding a water study that would help find key areas of water loss, a big problem for buildings built prior to the 1990s.

Recommendations

Given the findings of this report, we hope to reinvigorate our ongoing efforts to advocate, build and fight to preserve government-built housing in our state, while continuing to highlight the ongoing and shared struggles of public housing residents who have to live in dilapidated public housing. We believe that there is a need for significant regulatory and statutory change by our government in order to ensure public housing can exist and be successfully maintained moving forward. The following recommendations first respond to the lack of transparency and oversight of today's and tomorrow's voucher-converted developments, and a second to secure an abundant future for public housing in New York State:

<u>State Solutions</u>

1. Advance the PHIX New York Plan (Public Housing Infrastructure & Expansion for New York Plan)
   Both state and local governments in New York have massive capital plans that prioritize spending in places other than public housing, from museums with expensive admittance prices to private universities with tens of thousands in per-student tuition fees. When they do invest in housing, permanent affordability, resident control and stability, and fair housing are neglected.[39]

   We propose the PHIX NY PLAN, a pilot development initiative that would:

   Preserve:
   » 15,000 NYCHA units
   » 25,000 public housing units outside of NYC

   Build:
   » 3,000 new NYCHA units
   » 5,000 new public housing units outside of NYC

   Grows:
   » Our economy by $9.5 billion dollars with only $4.5 billion in capital spending[40]

   Support:
   » 65,000 direct and indirect jobs

   The PHIX NY Plan includes six components

1. **Create and fund a consistent and predictable public housing capital plan:** If the state contributed $710 million a year for 5 years to NYCHA and $190 million spread across other NY PHAs, 40,000 public housing units could be preserved. The state would have to work with municipalities and counties in the state to create a plan that addressed this public housing capital needs backlog, committing consistent and predictable funding levels for the next decade to allow for more effective capital planning. At a fraction of the investment in the last housing plan, close to what is slated to be invested in supportive housing, the state and cities could direct tax credits, HTF resources, vouchers, and bond revenues towards this vital stock of housing. This plan should include the use of innovative alternatives to raising funds. For example, HDC and EDC should authorize a bond sale and the Comptroller should use pension funds as the seed funding to invest in revenue-creating projects more aggressively. They can then leverage the funds to invest and own real estate assets that can provide them with the cash needed to fill any gaps in federal operations and capital funding. The state should mirror approaches like that of the Alaska Permanent Fund Corporation which owns real-estate assets in Chicago.[41] A stake in market rate residential and commercial assets can produce revenues that offset lower rents in existing public housing properties.

2. **Green mass procurement statewide initiative to cut costs and carbon emissions:** The units in this plan need the basics— drywall replacement, installation of new ceramic tiling and vinyl flooring, brand new bathtubs, showerheads, sinks etc.— as well as systematic replacements like the replacement of fossil fuel-powered furnaces and boilers (some of which are from the pre-Titanic era) to air source heat pumps (ASHPs) powered by zero-carbon electricity or at least more efficient systems. Many buildings are one accident away from falling bricks gravely injuring a resident because of old facades; and leaks and mold due to poor roofing already are. Public housing directors across the state and developers in PACT and RAD projects have complained that there are consistent shortages

TABLE 8 – PHIX NY 5-YEAR BUDGET PLAN FY25

	STATE CAPITAL PLAN		STATE CAPITAL PLAN TOTAL	ADDITIONAL STATE FUNDS
	NYCHA	Non-NYC PHAs		Arrears
FY25	$710,000,000	$190,000,000	$900,000,000	$500,000,000
FY26	$710,000,000	$190,000,000	$900,000,000	
FY27	$710,000,000	$190,000,000	$900,000,000	
FY28	$710,000,000	$190,000,000	$900,000,000	
FY29	$710,000,000	$190,000,000	$900,000,000	
FY25-5 Year Plan	$3,550,000,000	$950,000,000	$4,500,000,000	$500,000,000

of necessary materials and appurtenances. The PHIX NY ACT capital plan creates a market for supplies that improves both the public and private construction industry and lowers the estimated project costs for public housing, but it also provides an opportunity for NY State to lower costs even more by carrying out bulk purchases.

This is a common practice in government:

» Since 2000 the Food and Drug Administration (FDA), has worked to decrease drug prices via bidding and bulk purchases organized by local governments.
» The United States Marine Corps uses a lot of batteries in everything from radios to guided missile systems. The Department of Defense (DOD) has achieved economies of scale via bulk purchases of the BA-5590/U a non-rechargeable lithium-sulfur-dioxide (LiSO2) battery— purchasing this battery for $75 each at a great discount compared to the market price of between $199.95 to $152 each; and
» NY already used it for public housing when NYCHA, the New York State Energy Research and Development Authority (NYSERDA) and the New York Power Authority (NYPA) launched the Induction Stove Challenge, calling for manufacturers to provide an innovative and cost-effective induction stove model that will be purchased by the state for use in NYCHA apartments.

The PHIX NY plan would direct state agencies to:

» Work with PHAs to create a standardized list of energy efficient appliances, construction materials, and mechanical system components that the state will purchase and provide to PHAs for renovations; and
» Where possible, issue requests for proposals for the production of the equipment in New York State looking at ways to make New York an innovator in construction innovation again, focusing on making sure that *Passive Haus*, mass timber, and modular construction are not just the luxuries of the wealthy.

3. **Public housing expansion:** Unlike past state public housing investments, the PHIX NY plan is self-sustaining. Meaning, that upon completion of the individual projects, the state will NEVER have to spend to upkeep the units. This plan doesn't call for large infills or demolition of public housing, instead, scalable designs situated on the lower levels of the developments will produce brand new public housing units, provide revenues, and upgrades that can only be unlocked thanks to state investment.

In 2020, architects serving as fellows in Regional Plan Association's (RPA) Kaplan Chairs for Urban Design produced designs that replace outdated and centralized building mechanicals, added private outdoor spaces via balconies, and better integrating existing buildings within neighborhoods. The most striking and novel element of the proposal was the expansion of existing buildings into the unoccupied ground floor to develop additional units. New units extended the properties to sidewalks and streetside, finally integrating NYCHA with the rest of the city. Adding to this proposal, a mixture of household types can ensure that NYCHA properties remain well-maintained, recapitalizing the city's greatest assets.

4. **The Homes and Community Renewal (HCR) program:** Unlike proposals in the past, we recommend that PHAs take seriously the need for adding to housing supply and giving tenants control of their homes. The state can impose this charge and, for the first time in decades, actually ensure that capital dollars are spent. The PHIX NY Program terms, set and run by Department of Housing and Community Renewal (HCR), can modernize public housing by requiring that:

- A percentage of funding goes towards—and term sheets favor—training and establishment of resident management corporations (RMC) or a governance model like a community land trust (CLT)
- Require a resident education and vote for all public housing conversions, planned new units, and major renovation plans
- New units can include:
    - at least 30% Faircloth to RAD units
    - at least 15% homeless set-aside units (utilizing project-based CityFheps or other vouchers)
    - no more than 15% market rate units with rent stabilized leases or LIHTC units
    - no more than 40% Section 18 (converted from the existing Section 9 units)
- Require PHAs to provide a standardized method for development choice in their capital planning, avoiding the appearance of preferential treatment. We suggest the use of:
    - Fair housing impact
    - Need per unit
    - A measurement of resident health and safety; and or
    - Proportion of most dangerous/impactful category of work
- Require PHAs to allow over-income households to remain in public housing

Before

After

- Require "RAD Roundtable" protections apply to all residents in Section 8 converted units
- Require that 40 percent of the construction hours are performed by public housing residents
- Term sheet favors projects that include Section 3 "business concerns".[42]

CASE STUDY: GUSTE HOMES RESIDENT MANAGEMENT CORPORATION— IF IT CAN HAPPEN THERE, WHY NOT HERE?

During the 1980's crime wave, Guste Homes, a high-rise public housing development in the Central City neighborhood of New Orleans was a focal point of gang activity. It is now a provider of safe, affordable housing in an area with an unrelenting real-estate market full of speculation, just steps from the French Quarter and the Mississippi River's English Bend. The preservation and success of this large public housing complex and two others is thanks to a partnership where the local housing authority contracted with a management corporation to run the units. The catch is, the corporation is Guste Homes Resident Management Corporation (GHRMC), an organization founded by public housing residents.

GHRMC was started by Guste Homes resident council members who went through a training program administered by HUD in the 1990s. Residents said "enough was enough" and decided to chart a path for taking accountability, responsibility, and self-control of their own community. In 1998, GHRMC signed a dual management contract with the Housing Authority of New Orleans (HANO) and have served as the full-time manager of the Guste Homes Housing complex till this day.

Their resident management corporation serves a similar purpose to management corporations in RAD, and is even helping in adding to the supply of affordable housing by managing a Low-Income Housing Tax Credit (LIHTC) property. Despite the idea of resident management sounding novel and experimental, it is at its core, property managers, tax credit professionals, and empowered residents taking back their community. Ultimately, it is a strong repudiation of the idea that residents, when given the same training that professionals in any management company receives, can't do an as good of—if not better—job of securing public housing's future.

5. **Modernize PHAs and allow them to spend capital funding:** The reality is that public housing agencies were not built to create and manage the housing of the future. With federal code from the great depression and state charters only just younger, it's no wonder that they have difficulty spending capital funds when it is allocated. While some of the restrictions placed on them are based in federal law and regulation, the state can have a hand in modernizing PHAs. Steps that can be taken immediately include:

- » Broadening the mandate of PHAs: The State Legislature should expand the scope of PHAs by amending Article 13 of the Public Housing Law in the State Code to remove the directive that emphasizes the encouragement of private enterprises in the housing market and limits PHAs to focus solely on low-income families. Instead, PHAs should be empowered to serve a broader range of demographics, ensuring that public housing is inclusive and caters to the diverse needs of all residents whom all require healthy and affordable housing options. While this change would not alter regulatory or legislative restrictions on the authorities, it would guide PHAs to adopt more holistic approaches to housing, treating it as a service that caters to a broader demographic.
- » Require "RAD Roundtable" protections for all RAD conversions: PHAs Upstate, in Western New York, and in Long Island, should adopt the supplemental resident protections—such as Section 9 succession rights and the right to return without recertification—that NYCHA tenants are provided in the PACT program and in Section 18 conversion, in addition to the bare minimum required by HUD via RAD.
- » Require a resident majority vote for all public housing conversions: The state legislature should require that all public housing conversions utilizing RAD or Section 18 demolition or disposition only occur with the support of tenants through a majority vote, like the process created for New York City's Public Housing Preservation Trust. However, election boards or third party election administrators should carry out all tasks related to the vote and any elections that involve residents.
- » Reform public housing authority procurement and contracting rules: The state legislature should amend provisions of New York State Public Housing Law, expand the design-build authority, and repeal Wick's law, allowing greater discretion for PHAs when contracting building construction and alteration projects, leading to better quality and more efficient projects.
- » Remove Restrictions on Local Public Housing

Capital Funding: The state should alter ineligible uses of capital funding to provide adequate flexibility in PHAs capital planning.

2. Create a New York social housing development authority: While we call for changes in the PHIX NY Plan, the creation of a completely independent development entity not tied down by the limitations mentioned is an approach that would also be transformative. New York State should create a Social Housing Development Authority that:

    a. Funds public housing redevelopment to acquire and develop public and private properties and facilitates the disposition or demolition and redevelopment of residential properties. We suggest that such an authority apply similar restrictions and prioritize the terms listed under the HCR program devised in this report, with an emphasis on providing NYCHA residents with the resources and training for resident management corporations that CLTs, limited equity co-ops, and other social housing structures require. Furthermore, consider the prospect of converting public housing into CLTs, to provide public housing residents with more democratic governance of their homes.

    b. Pursues homeownership conversion of public housing units, with a focus on allowing tenants to remain in public housing despite career advancement, allowing for income mobility.

3. Reform the public housing grievance process and provide eviction oversight: The lack of accountability and oversight regarding evictions in public housing and voucher-converted properties is unacceptable. Furthermore, the reality that biased grievance and tenancy hearings with little to no standards and zero transparency has been allowed to subject public housing tenants to policies unheard of in the housing court that private tenants face. There are two new legislative solutions to these issues:

    a. Pass S1904/A1135: This bill would require public housing authorities to implement specific procedural protections in their administrative hearing process, including giving residents sufficient notice of charges and ensuring residents have access to their tenancy file and the evidence that the authority intends to use against them.

    b. Pass legislation that would require public housing agencies to adopt impartial hearing officers, modeled after NYC's Office of Administrative Trials and Hearings (OATH) Officer Code of Conduct. This would create an unbiassed, fairer process for public housing residents.

4. Create a public housing Physical Needs Assessments (PNA) fund: New York State should fund Physical Needs Assessments (PNA) of public housing as needed. The assessment should encourage resiliency and transparency by including:

    a. funding for water utility rate studies as part of the efforts to increase sustainability, conservation, and utility cost savings across New York's public housing portfolios; and

    b. a requirement that all state-chartered organizations that own or manage residential properties or administer rental assistance, and their subsidiaries publicly post:

        - Management manuals and tenancy rules (full documents)
        - Physical needs assessments (PNAs) in a usable format such as comma separated values file (csv) or excel workbook (as done most recently by NYCHA) along with annual reports detailing capital spending related to costs cited in the PNAs by the agencies, its subsidiaries, contractors, and subcontractors
        - Annual Plans
        - All requests for proposals/quotes (RFP/RFQ)

            i. All Certificates of Publication, Articles of Organization, and Certificates of Incorporation that involve the state-chartered organization or its subsidiaries

5. Create a new civic and resident-led coalition for public housing: As public housing swiftly and permanently changes across the state, there is a need for greater civic attention to what is occurring at developments. Engagement on public housing issues tend to fit into two categories, vitriolic—often warranted—critique and calls for funding and action with no force behind them. We call for the development of:

   a. A statewide civic coalition — a set of groups joined with the understanding that public housing impacts everyone not just tenants in the development. Such a coalition could move beyond simply calling for more funds but use metrics to judge the success of various policies and public housing rules, similar to how the Straphangers Campaign grades the performance of subway lines from A to F or the Center for New York City Affairs' Inside Schools Initiative evaluates schools and districts themselves. It also would muster the pressure needed to create transparency that currently isn't being required by HUD. It could look like an independent body set up by civic institutions hosting real-time reports of tenant satisfaction, and the physical state of good repair— no longer leaving it up to PHAs or Cities to effectively "monitor themselves".

   b. A statewide resident coalition – a contingent of residents representing resident organizations across the state. The result of a much-needed organizing effort, a public housing resident coalition could create the political power necessary to get key public housing priorities across the finish line. Where public housing members do not have expensive lobbyists or big checks to write to politicians, there is power in numbers. As market rate tenants have been able to (and continue to) mobilize and win protections and rights, they one day hope to form a statewide tenant's union. Public housing residents have a head start given the resident association and tiered representative resident organizing structure that exists; it just needs to be reinforced and expanded to better serve residents.

Federal Solutions

6. Make Section 18 data public: HUD must provide annual data on Section 18 dispositions and demolitions, as it does with RAD conversions. Section 18 Dispositions and Demolitions have less protections for residents and more drastically alter communities. There is no rationale for providing robust data for RAD conversions across the nation but leaving out basic details of PHA's usage of Section 18. Such data should include:

   a. Name of the PHA
   b. Development name
   c. Units, distribution by bedroom count, race, income, elderly and disability status
   d. Application date
   e. Approval date
   f. Criteria used to justify the Section 18 application
   g. Details of relocation
   h. Details of cost test (if applicable)

7. Loosen the public housing income requirements allowing upwardly mobile tenants to remain in the public housing program and participate as members of the public housing community: For much of public housing's history residents were actually the skilled maintenance workers in their buildings. The list of public housing residents whom have and continue to serve as industry leaders and changemakers is endless. However, in the past income limits pushed skilled trades workers out of the public housing, and they continue to be a disservice to the public housing community. Inflexible income rules also hinder the viability of the public housing model, by starving the buildings of rents that can flow back into the community. These rules also feed the racial and economic segregation that are already so ubiquitous. Income limits have a place in targeting shortages that the housing market creates, but they should

not be allowed to guarantee that poverty is concentrated in public housing developments and erode the finances of PHAs. Furthermore, residents cannot benefit from the jobs and workforce development programs if making more money can lead to displacement. The over-income policy should be repealed, the income limit should be lifted for existing residents, and new public housing should allow for the inclusion of no more than 15 percent of residents above 120 percent of AMI.

8. Remove the Section 8 voucher cap: Congress must pass budget language that removes the cap on Section 8 voucher authority to ensure that no funding goes unused.
9. Update Section 8 admin fees: Congress must pass a budget implementing the Section 8 administrative fee funding formula for voucher administrators (proposed by HUD) and ensure that fees keep up with inflation utilizing an inflation factor that captures wages, benefits, and non-labor costs.
10. Exempt affordable housing from the private activity bond cap: Congress must exempt affordable housing from the private activity bond volume cap to allow states to provide more financial resources to public housing preservation projects.
11. Provide capital funding for highest need developments: Assuming recommendations 10-13 are enacted, Congress should allocate emergency capital dollars to public housing developments now on their way to recapitalization, focusing on developments with capital needs that exceed what RAD conversions can finance.
12. HUD must amend federal regulations to allow PHAs to center work quality in their procurement process: Currently, HUD ties PHA's hands in terms of what offers they accept in the procurement process. Reform of federal regulation 2 CFR 200.320 would help modernize PHAs and allow them to more efficiently and responsibly manage public housing.

Public Housing Authority Solutions

13. Allow resident management corporations to participate in RAD conversions: Housing Development Corporations and PHAs should create an option in RAD projects (PACT for NYC) that includes resident management corporations on the project team. Such applications should receive a preference on program term sheets.
14. Allow over-Income households to remain in public housing: PHAs must choose the Housing Opportunity Through Modernization Act (HOTMA) Over-Income Tenant option, allowing over-income tenants to remain in public housing and include in their leases protections and rights that mirror those of public housing tenants, including participation in resident organizations and succession rights.

Appendix

METHODS

The data used to estimate the total capital needs of New York PHAs was retrieved from the following sources:

- NYCHA Physical Needs Assessments: These documents, available for the years 2011, 2017, and 2023, were extracted from the official New York City website. They provide a comprehensive assessment of the physical needs of the housing properties under NYCHA's jurisdiction.
- HUD Picture of Subsidized Households: This data was retrieved from the official HUD user portal. It offers a detailed insight into various characteristics of subsidized households.
- NYSPHADA Data: This dataset, generously provided to CSS by NYSPHADA accentuated our understanding of the capital needs of a number of NYSPHADA members as they were on December 7, 2018.

The analysis included cleaning and standardizing the data, feature engineering and selection, clustering of the PHAs, regression analysis, cluster-based estimation, and finally the creation of a predictive model used to produce 20-year capital needs for every PHA.

We produced three features that impact a PHA's physical condition: the percentage of elderly units, the operations budget per unit, and the area's climate (based on latitude of the PHA's units). Based on these characteristics and others found in our dataset (capital budget allocation, PHA spending, incomes of residents, HUD's PHA performance rating, and the size of the PHA, distinct clusters were created using a K-Means clustering algorithm. A Random Forest regressor, an ensemble learning method using multiple decision trees, was used to provide an understanding of feature *importances*. These indicate the significance of each feature in predicting the target variable, offering insights into which variables most influence the capital needs. Using the 2018 capital needs provided by 14 NYSAPHA member-PHAs and the *feature importances,* we produced a model which provided an initial estimate of the capital needs. These estimates were strengthened by growth rates generated from the change in physical needs shown in NYCHA's 2011, 2017, and 2023 PNAs.

The combined approach of Random Forest regression and cluster-specific growth rates was utilized to deduce the 2023 capital needs for each PHA. This ensured the predictions were statistically robust and aligned with the real-world growth patterns observed in the data.

APPENDIX DOC 1 – UNIT AND RENT BREAKDOWN FOR RAD-SECTION 18 BLEND AT *PUBLIC HOUSES*

	Studio	One Bed	Two Bed	Three Bed	Four Bed	
Anytown, NY Fair Market Rent (FMR)	$1,353	$1,566	$1,883	$2,377	$2,682	
Public Houses Unit Breakdown	20	105	300	525	350	**1300**
RAD Converted Units			110	205	250	**565**
Total Contract Rents			$165,704.0	$389,828.0	$536,400.0	**$1,091,932**
Section 18 Converted Units (TPVs)	20	105	190	320	100	**735**
Total Contract Rents	$29,766.0	$180,873.0	$393,547.0	$836,704.0	$295,020.0	**$1,735,910**
Total Subsidy	$19,943.22	$121,184.91	$374,698.17	$821,776.44	$557,051.40	**$1,894,654**
Total Tenant Portion	$9,822.78	$59,688.09	$184,552.83	$404,755.56	$274,368.60	**$933,188**

Public Houses **Income**	**$2,827,842/month**

APPENDIX DOC 2 – COSTS OF RUNNING A DEVELOPMENT (RAD *PUBLIC HOUSES* TOTAL)

ADMINISTRATIVE	per room (annual)	per unit (annual)	per building (annual)	development total (annual)
Legal		$ 11.00		$ 22,000.00
Accounting		$ 8.00		$ 16,000.00
Management Fee		$ 38.56		$ 77,117.00
Fire and Liability Insurance		$ 30.00		$ 60,000.00
Tax Credit Monitoring*			$ 21.88	$ 131.25
Benchmarking Expense**			$ 495.00	$ 2,970.00
UTILITIES				
Heating	$ 300.00	$ 750.00		$ 1,500,000.00
Electricity	$ 164.00	$ 410.00		$ 820,000.00
Water & Sewer	$ 273.00	$ 682.50		$ 1,365,000.00
MAINTENANCE				
Supplies/Cleaning/Exterminating	$ 135.00	$ 337.50		$ 675,000.00
Repairs/Replacemement	$ 650.00	$ 1,625.00		$ 3,250,000.00
Super & Maintenance Salaries	$ 980.00	$ 2,450.00		$ 4,900,000.00
Elevator Maintenance & Repairs			$ 13,500.00	$ 81,000.00
Bldg Reserve	$ 300.00	$ 750.00		$ 1,500,000.00
Total		$ 7,134.61		$14,269,218.25

Appendix doc: https://www.nyc.gov/assets/nycha/downloads/pdf/rad-principles.pdf

NOTES

1. HUD-assisted housing includes subsidized units in either public housing, tenant-based, and privately owned, project-based voucher programs, excluding other units subsidized by the Office of Public and Indian Housing, as well as HOME and Community Development Block Grants (CDBG) funded projects.
2. Enacted as a New Deal public works strategy to boost a depressed national economy, Section 9 of the 1937 US Housing Act underlies all federal public housing developments. The program called for states to enable localities to create housing authorities that would, in turn, be federally funded to clear “slums”, construct, own, and manage public housing. Originally, funded by municipal bonds, a federal operating and capital subsidy along with residents rents are used for the management and upkeep of public housing. Early in the public housing program, operating costs were completely covered by tenant’s rents. As the program began to serve lower income households and aging buildings without adequate capital subsidies, rents were soon not sufficient to cover PHA operating expenses.
3. U.S. Department of Housing and Urban Development. (2022). 24 CFR § 990 - Public Housing Operating Fund Program. In Code of Federal Regulations (Title 24, Part 990).4.
4. U.S. Department of Housing and Urban Development. (2022). 24 CFR § 905.400 - Capital Fund Formula. In Code of Federal Regulations (Title 24, Part 905, Section 400).
5. For a long time, physical needs assessments were not required by HUD for PHAs smaller than 250 units, however, in an effort to match regulations with US Housing Act, HUD regs finalized in 2015 required PNAs in all PHAs’ 5-year plans. (24 CFR § 905.300 -https://www.law.cornell.edu/cfr/text/24/905.300) However, there is no standardized published data on the extent of capital needs throughout the state. While, PHAs are required to do so, appropriations bills have not allowed HUD to enforce this regulation and the reality on the ground is that many PHAs don’t have the funds to carry out comprehensive inspections required in full stock PNAs, especially small and midsized PHAs with dips in collection rates and insufficient federal funding.
6. This figure is an estimate for preservation. Demolitions and rebuilding units would cost more to carry out. Though, as the stock gets older and maintenance is further deferred, the cost of preservation gets closer to matching the cost of demolition and rebuilding. The Citizen’s Budget Commission proposes that for NYCHA that will happen to 90% of its units by 2027.
7. Housing Choice Vouchers, also known as Section 8 vouchers, are a form of rental assistance provided by HUD to low-income households. There are two types of Housing Choice Vouchers: tenant-based and project-based. Tenant-based vouchers are assigned to an eligible household, and they allow the household to choose their own housing unit, provided it meets certain requirements, such as being located within the voucher program's jurisdiction and passing a housing quality standards inspection. Project-based vouchers, on the other hand, are tied to a specific rental property rather than a family. Property owners who participate in the program set aside a certain number of units for voucher holders, and the subsidy is tied to the unit rather than the tenant. This means that if a voucher holder moves out, the voucher stays with the unit, rather than going with the tenant.
8. Low-income in this analysis is referring to households that reported incomes of less than $50,000 annually in the US Census American Communities Survey.
9. RAD allows public housing agencies to leverage public and private debt and equity in order to reinvest in the public housing stock. In RAD, units move to a Section 8 platform with a long-term contract that, by law, must be renewed in perpetuity. A Use Agreement is also recorded under RAD, further enforcing HUD's long-term interest. This ensures that the units remain permanently affordable to low-income households, and residents benefit from a right of return, a prohibition against re-screening, and robust notification and relocation rights.
10. For a more detailed understanding of the RAD program see CSS’s 2018 report here: https://www.cssny.org/publications/entry/resident-handbook-a-guide-to-nycha-rad-conversion and CSS’s booklet here done in partnership with CUP and the Legal Aid Society found here: https://www.cssny.org/publications/entry/your-home-your-vote-nycha-voting-guide
11. For a more detailed understanding of the RAD program see CSS’s 2018 report here: https://www.cssny.org/publications/entry/resident-handbook-a-guide-to-nycha-rad-conversion and CSS’s booklet here done in partnership with CUP and the Legal Aid Society found here: https://www.cssny.org/publications/entry/your-home-your-vote-nycha-voting-guide
12. After the 99-year lease, the company is required to re-sign the contract.
13. Section 18 are a different type of voucher than those Section 8 vouchers traditionally used in RAD. The difference being that they are funded at a higher amount than the traditional vouchers.
14. See CSS’s Spring 2023 released guide titled Your Home! Your Vote!, detailing the differences between, Section 9, PACT, and the Trust: https://www.cssny.org/publications/entry/your-home-your-vote-nycha-voting-guide
15. If a PHA has created a domestic limited liability company with the development team/ new management, the company should have an assessable New York Department of State (DOS) Identification Number. You can find more information about the corporation via the ID Number in the DOS’s Division of Corporations database.
16. Congress established the Federal Housing Agency (FHA) – Housing Finance Agency (HFA) Multifamily Risk-Sharing program in 1992 to increase and speed up FHA’s multifamily mortgage production.
17. Developments using historic tax credits are limited in what changes can be made to the building. PHAs are forced to forgo modernization in exchange for funds, subjecting residents to outdated environments for the sake of “history”.

18. In this example, we assume that the deal has 2000 Tenant Protection Vouchers (TPVs) which provide more subsidy than Section 9 units and regular project-based vouchers in RAD conversions. The RAD deals with regular vouchers only fund up to what Section 9 units would already receive. Because of this, these deals did not pencil out without significant public funding. It is becoming very common for PHAs to use TPVs if HUD allows it.
19. The ROE doesn't take into account the fact that money today is worth more than money tomorrow, from a finance perspective. Another measure companies like to use is the Internal Rate of Return (IRR). For this project the IRR is approximately 9.08%. The IRR is a financial metric that is widely used in capital budgeting, business valuations, and investment analysis. It represents the average annual return over the lifetime of an investment. In simple terms, it is the interest rate that makes the value of all cash flows (both positive and negative) from a particular investment equal to zero when normalized in "today dollars". (Cash flows in the future are worth less than those today.) If the IRR of a new project or investment exceeds the company's required rate of return, that project is desirable. If IRR falls below the required rate of return, the project is not economically attractive.
20. https://www.cbpp.org/blog/house-republican-bill-would-force-deep-cuts-in-housing-assistance-harming-families-older
21. https://www.huduser.gov/portal/datasets/assthsg.html#2009-2021_query
22. https://services.arcgis.com/VTyQ9soqVukalItT/arcgis/rest/services/Public_Housing_Authorities/FeatureServer
23. https://www.radresource.net/pha_data.cfm
24. https://www.housingfinance.com/finance/39-nycha-properties-to-undergo-rad-conversion_o
25. https://www.hud.gov/press/press_releases_media_advisories/HUD_No_23_006
26. The borrowing entity for RAD projects are made-up of the PHA and a private corporation(s). For example, "Betances, LLC" is group made up of a mix of NYCHA and RDC Development, which borrowed the loan from Hunt Real Estate Capital.
27. https://www.radresource.net/pha_data.cfm
28. https://www.nyc.gov/site/nycha/about/annual-plan-financial-information.page
29. https://www.radresource.net/pha_data.cfm
30. https://services.arcgis.com/VTyQ9soqVukalItT/arcgis/rest/services/Public_Housing_Authorities/FeatureServer
31. https://www.radresource.net/pha_data.cfm
32. the Section 18 conversions actually have no minimum capital needs requirements for the deals, meaning that they don't have to meet the 20-year need level for their scope of works.
33. Gromis, Ashley, James R. Hendrickson, and Matthew Desmond. "Eviction from public housing in the United States." Cities 127 (2022): 103749.
34. https://www.huduser.gov/portal/hcvfeestudy.html#:~:text=The%20study%20proposes%20a%20new,budget%20and%20for%20individual%20PHAs.
35. https://www.whitehouse.gov/omb/budget/historical-tables/
36. https://www.hud.gov/budget/additional
37. https://www.dataforprogress.org/blog/2023/9/4/nyc-voters-overwhelmingly-want-the-city-to-create-more-affordable-housing-and-prefer-a-not-for-profit-public-approach
38. Affordable housing is almost exclusively built in low income communities of color. See May 2022 New York Housing Conference: Affordable Housing by District: https://thenyhc.org/wp-content/uploads/2022/05/NYC-Housing-Tracker-FINAL.pdf Despite, public housing largely being built in low income areas throughout the state, in New York City, NYCHA developments are sited in neighborhoods that would not provide any low income housing using the approach currently taken by policymakers.
39. https://clpha.org/sites/default/files/documents/EconomicImpactPublicHousing_final2_digital_0.pdf
40. https://realassets.ipe.com/alaska-permanent-fund-resettles-in-chicago/26830.article
41. Section 3 business concerns are businesses that comply with one or more of three conditions: 1) at least 51 percent of ownership and control is by low- or very low-income persons 2) over 75 percent of the labor hours are performed for the business over the prior three-month period are performed by Section 3 workers 3) at least 51 percent ownership and control by current public housing residents or residents who currently live in Section 8-assisted housing.
42. RAD allows public housing agencies to leverage public and private debt and equity in order to reinvest in the public housing stock. In RAD, units move to a Section 8 platform with a long-term contract that, by law, must be renewed in perpetuity. A Use Agreement is also recorded under RAD, further enforcing HUD's long-term interest. This ensures that the units remain permanently affordable to low-income households, and residents benefit from a right of return, a prohibition against re-screening, and robust notification and relocation rights.
43. For a more detailed understanding of the RAD program see CSS's 2018 report here: https://www.cssny.org/publications/entry/resident-handbook-a-guide-to-nycha-rad-conversion and CSS's booklet here done in partnership with CUP and the Legal Aid Society found here: https://www.cssny.org/publications/entry/your-home-your-vote-nycha-voting-guide

CSS Community Service Society

633 THIRD AVE, 10TH FL,
NEW YORK, NY 10017
PH 212.254.8900
www.cssny.org