

**Testimony from NYCHA's Executive Vice President for Real Estate Development  
Jonathan Gouveia  
RAD/PACT Conversions: Smoothing Transitions and Providing Clarity  
Committee on Public Housing  
Friday, April 19, 2024 – 10 a.m.  
New York City Hall, Council Chambers**

Chair Chris Banks, members of the Committee on Public Housing, other distinguished members of the City Council, NYCHA residents, community advocates, and members of the public: good morning. I am Jonathan Gouveia, NYCHA's Executive Vice President for Real Estate Development. I am pleased to be joined by Lakesha Miller, Executive Vice President for Leased Housing; Brian Honan, Executive Vice President of Intergovernmental Affairs; and other members of NYCHA's team.

Thank you for this opportunity to discuss PACT, an incredibly impactful initiative that is investing billions of dollars to completely renovate or rebuild the homes of thousands of NYCHA residents, dramatically improving their quality of life. PACT also provides residents with professional property management and valuable social services, all while maintaining their rights and protections and keeping their rent permanently affordable. I would like to thank the residents who spoke about the significant benefits and results of the program; collaboration with residents is a fundamental feature of the PACT initiative as it transforms their developments into a safer, healthier, and more beautiful place to live – now and for the generations to come.

**The Need for Innovative Housing Preservation Programs Like the Permanent Affordability Commitment Together (PACT) Program**

As you know, the capital needs across NYCHA's portfolio have risen to an astonishing nearly \$80 billion – an unacceptable reality that residents know all too well, as manifested every day by elevator and heating outages, leaking roofs and facades, bursting pipes, and mold and lead unabated. At the same time, for decades the federal government has failed to provide public housing authorities across the nation with sufficient funding to keep their properties in a state of good repair.

To address this critical and existential issue head-on, NYCHA is using the PACT program to bring billions of dollars in desperately needed investment to our developments. PACT

is NYCHA's implementation of HUD's Rental Assistance Demonstration (RAD), and it is enabling us to radically transform many of our properties through top-to-bottom apartment, building, and grounds renovations.

### **The Immediate and Lasting Impact of PACT**

To date, over 20,000 apartments have been converted to Project-Based Section 8 through the PACT program, and a record \$1.8 billion in financing for capital repairs was closed in 2023 across four PACT deals. One hundred and thirty-eight developments comprising over 37,000 apartments are in either the engagement or pre-development process, under construction, or have received comprehensive repairs through PACT. Essentially, the PACT program facilitates billions in repairs and investment for our NYCHA community. Right now, 57 developments are under active construction, representing over \$3.9 billion in construction work happening across the city – work that we would not be able to accomplish without PACT considering the lack of federal capital funding available.

To bring comprehensive repairs and renovations to residents' homes, and address a development's entire range of capital needs, PACT leverages the more dependable and valuable Section 8 funding stream. As shown in the slideshow, key improvements include brand-new kitchens, bathrooms, windows, and apartment floors; updated common areas like laundry rooms, mail rooms, and building entrances; critically important upgrades to building systems, such as elevators, boilers, roofs, windows, and facades; and improved grounds, including landscaping, lighting, security, and playgrounds. Environmental hazards such as lead, asbestos, and mold are abated, and our PACT partners offer professional property management and enhanced on-site social services and community programming.

After conversion, all PACT developments remain under public control: NYCHA remains the permanent owner of the land and buildings, administers the Section 8 subsidy, and continues to monitor conditions at a development following its conversion to Section 8. NYCHA's Leased Housing Department is the largest Section 8 administrator in the country. As the subsidy administrator for the program, NYCHA continues to set each household's rent based on their annual income and oversees the creation of the Section 8 waitlist.

NYCHA also has a specific team – called Resident Outreach for Conversion and Modernization Services (or ROCMS) – who continue to conduct outreach to residents and support resident leaders at PACT sites after conversion. This is just one of the many teams supporting residents, and the PACT process itself, to make the engagement and transition as seamless as possible.

### **Partnering with Residents**

Fundamental to our PACT program is centering resident priorities and expertise. Residents are not only involved at every step of the PACT planning process but also help lead the selection of partner teams, prioritize investments, and work in partnership with our PACT partners after conversion. During the planning process, we partner with resident leaders to share information and to keep residents informed and answer any questions. In partnership with these leaders, we host regular meetings and conduct tabling, office hours, open houses, info sessions, and workshops. A PACT Resource Team is also supporting our resident leaders by connecting them with trusted, third-party advisors and consultants. Free legal assistance is available to residents via a PACT hotline operated by the Legal Aid Society.

Resident committees have now selected 19 partner teams. This includes developers, general contractors, property managers, and social services providers who will elevate their quality of life and address priorities for their community. In 2023 alone, resident leaders across 30 developments, representing over 14,000 residents, have selected PACT partner teams to provide their communities with tailored investments through the program. Together, our partners and residents are creating detailed community plans to capture their planning and decision-making during the pre-development process.

An example of how fundamental resident participation is to the PACT process: After about five years of extensive resident engagement and planning, residents of Fulton and Elliott-Chelsea Houses expressed their preference to entirely rebuild their campuses as part of PACT.

### **Resident Satisfaction with PACT**

In 2022, NYCHA partnered with BFJ Planning, an independent planning and consulting firm, to conduct a comprehensive survey at our converted PACT sites. We are distributing surveys to all converted developments on a rolling basis, and have collected results from Ocean Bay,

Baychester, Murphy, and Betances. The majority of residents who responded to the survey have expressed strong satisfaction with the PACT program.

As you can see on this slide, 70 percent of respondents recommend the PACT program for other NYCHA developments and nearly the same amount say they feel more stable in their living situation.

This is because residents are very satisfied with the new management teams and the renovations. As you can see on this slide, 77 percent of residents who responded are very satisfied with the renovations to the buildings and even more are satisfied with the renovations to the grounds. Two out of three respondents say that their new management is better than NYCHA, and 78 percent of residents say that the buildings and grounds are cleaner.

We will continue to survey residents and collect their direct feedback on the program. Survey responses have helped us understand what is working; they also help us determine how we can improve the program so NYCHA and our partners can better serve residents.

### **PACT Fosters Transparency and Accountability**

Transparency and accountability are also fundamental features of PACT. In line with those values, we recently launched the new PACT Dashboard, which provides an unprecedented level of insight into the PACT program. Available to anyone online, it tracks and displays performance metrics on maintenance and repairs, tenancy, and construction (including resident hiring) – across the PACT program and at individual PACT sites. For instance, the Dashboard shows that all PACT partners are addressing work orders within 30 days. It also shows that PACT partners are making significant progress with rehabilitation work, with five projects reaching over 50 percent completion in 2023.

We believe that the PACT Dashboard supports the intent of Introduction 110-2024, in reference to reports on the PACT program.

### **Providing Clarity About the PACT Program**

We also wanted to take some time this morning to provide clarity about the PACT program.

First, we'd like to discuss the differences and similarities of the Section 9 and Section 8 programs. Both programs are funded by the federal government and are HUD programs. Section 9 is funded annually by Congress, with funding fluctuating year to year. Funding by the federal government is insufficient to cover the costs of long-term maintenance and capital needs of public housing. As shared earlier, this is evident by the fact that NYCHA's recent Physical Needs Assessment reflects nearly \$80 billion in major repair needs across the city.

The Section 8 program, however, comes with a 20-year contract guaranteeing a set amount of funding each year, and by law that contract must be renewed in perpetuity. Section 8 also provides a larger subsidy amount per household than the traditional Section 9 program. Given this guaranteed funding stream, our partners are able to raise debt to fund all capital repairs and save for capital repairs that will be needed in the future.

In both programs, NYCHA owns the land and the buildings. Through the PACT program, NYCHA enters into a ground lease with each partner team, maintaining our ownership of the building.

In both programs, rent continues to be 30 percent of a household's adjusted gross income.

I'd also like to confirm that all resident protections under Section 9 program will continue to apply after a household converts to Project-Based Section 8 through the PACT program. These protections are codified in NYCHA's agreements with all PACT partners and between the PACT partner and each tenant.

It is rumored that the PACT program will displace residents from their homes. This is not true. Under the federal RAD program, all current public housing residents have the right to return to an apartment in their development if they need to move temporarily for construction, hazard mitigation, or any redevelopment activities. The federal RAD program was designed to keep residents in their homes. We bolster this federal requirement by requiring all partners to sign temporary move agreements with each household.

And lastly, I'd like to clarify any misconceptions around evictions at PACT sites. The PACT program, in accordance with federal rules and regulations, provides strong anti-displacement

protections for residents. At the time of conversion to Project-Based Section 8, all authorized residents will be offered a new lease – regardless of whether they owe back rent. In addition to providing all current NYCHA tenants a lease, NYCHA requires our PACT partners to work with on-site social service coordinators to conduct proactive outreach to help connect families with resources, such as accessing public benefits or setting up payment installment plans. PACT partners must make every effort to avoid bringing a lease issue to Housing Court, and NYCHA closely monitors these outreach efforts.

Lease agreements automatically renew every year and cannot be terminated except for good cause, which includes criminal activity and nonpayment. Residents can continue to add people to their household, and permanent members will continue to have succession rights.

In sum, residents at PACT sites benefit from the multiple layers of oversight, the comprehensive repairs and renovations, and the numerous opportunities provided to their community through enhanced social services and connections to jobs.

### **Preserving Affordable Housing in NYC**

We all know how critical NYCHA is to New York City in providing safe, decent, and permanently affordable homes for families across the city. With nearly \$80 billion in capital needs across the portfolio, we also know how critical programs like PACT are in ensuring that NYCHA can continue to carry out its vital mission. Our goal is not only to breathe new life into our developments – we are also striving to transform NYCHA as an organization, so it is better adapted to the funding realities of the day and can serve residents in a strong and sustainable way.

Together – residents, community advocates, elected officials, and NYCHA staff – we can ensure the Authority remains a vital bastion of affordable housing, for today and for the decades to come.

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