

## Letter from the Monitor about the Management Consultant's Report

December 16, 2019

The January 31 Agreement between HUD, SDNY, NYC, and NYCHA requires the City to select and engage a third-party Management Consultant to examine and document NYCHA's systems, policies, and procedures, and recommend improvements "to achieve sustained compliance with NYCHA's obligations under the Agreement."

Immediately after my appointment in March 2019, I established a team to work with the New York City Law Department and NYCHA to monitor the scoping, interviews, and procurement of a qualified, well-resourced Management Consultant. As a result of significant evaluation, the City selected KPMG, together with Bronner Group LLC (the "Management Consultant"), to conduct an "as-is" evaluation of NYCHA; in other words, an assessment of NYCHA as it currently operates. Understanding NYCHA's current operation is the first of many steps required in developing a new, comprehensive organizational plan to achieve the sustained compliance contemplated in the Agreement.

As part of the assessment, the Management Consultant was tasked to obtain a broad, large-scale overview of NYCHA's operations from the highest level, by creating a "snapshot" of the existing operations. The report is not a report on how NYCHA should be organized, nor is it the "organizational plan" referenced in the Agreement. Rather, it provides preliminary information required to help the new Chair and CEO identify goals, hurdles, and priorities for the future of NYCHA.

Ultimately, this information is a necessary foundation for assessing the most effective ways to bring positive and sustainable change to NYCHA. The "organizational plan" referred to in the Agreement is intended and required to be more than a new organizational chart with corresponding positions and titles. Rather, it requires significantly more consideration. For example, the plan must take into account thoughtful analysis of NYCHA's mission and the new Chair and CEO's future vision; resident expectations from NYCHA in the short and long-term; how employees are empowered to deliver necessary services and held accountable to do so; and, how assets are maintained and managed. The organizational plan contemplated in the Agreement calls for *sustained* oversight and compliance so that NYCHA can meet both its current and future obligations.

Sustained compliance requires more than action plans to remedy specific areas of disrepair. Getting there will take considerable work, resources, patience, buy-in, and time. It is my goal to ensure the achievement of sustained change to NYCHA's organization that will, once in place, last for years to come. The Management Consultant's report is only the first necessary step to understand NYCHA's current

organization, how it can be measured for success, whether it has the capability in its current state to achieve measured success, and how its current property-related operations compare to good industry practice.

The Monitorship team and NYCHA have been working collaboratively to develop an Organizational Plan pursuant to the Agreement. While I am confident that we will develop a plan in the next six months, as required by the Agreement, the path forward will require difficult decisions about change, and NYCHA's ability to implement change with limited resources, all balanced against demands for a quick fix. Caution here is required as this is not a quick process. I expect implementation of the Organizational Plan, once it is created, to take at least four years.

The next steps towards NYCHA developing the Organizational Plan are substantial. First, NYCHA as an organization and the new Chair and CEO must define a vision for the future of NYCHA and for developing a strategic plan. Additional consultants will be required to examine specific areas of NYCHA's operation. The Management Consultant's report identifies areas within the organization that require further analysis, some examples include governance, finance, and communication – all of which are essential to a comprehensive organizational plan for sustained compliance. The Management Consultant's report and recommendations will be evaluated and assessed side-by-side with NYCHA's strategic plan to prioritize areas of improvement, with input from residents, staff, and stakeholders.

Over the next six months we will facilitate the evaluation and functionality of NYCHA from the ground level up. We have a fundamental understanding of NYCHA and its operations, as well as the challenges it faces as an organization, and what is necessary to achieve decent, safe and sanitary living conditions for its residents. We will integrate that understanding with the overview analysis performed by the Management Consultant to inform and create an organizational strategy that will best suit NYCHA. During this time, NYCHA will develop a communications plan to engage with residents and stakeholders about organizational improvements and the roadmap for the future of a compliant and optimally functioning NYCHA.

I look forward to providing an update of these efforts in the next quarterly report.

Reference Links for KPMG Report:

- 1) [Maturity and Capability Report](#)
- 2) [Change Readiness](#)
- 3) [Roadmap](#)
- 4) [Final Deliverable](#)