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NYCHA FEDERAL MONITOR
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Pursuant to Agreement dated January 31, 2019
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Dear New Yorkers:

I am submitting this letter in lieu of our regular report which details NYCHA's performance for this latest quarter. The City has requested that we significantly reduce our monitoring budget at this time in light of projected City revenue shortfalls. Because our remaining staffing is focused on ongoing oversight, we decided to forego the production of a more comprehensive report, the production of which would further diminish the limited budget, and instead submit to this letter to highlight some recent developments and areas of concern.



Bart M. Schwartz, Federal Monitor

As always, because we aim to provide the most up-to-date information, this letter covers events beyond the end of the second quarter, up to and including August 3, 2020. We discuss NYCHA's request to further extend HUD Agreement deadlines and its plan for addressing its increasing backlog of work orders; progress made during the last quarter in certain areas (thanks in large part to the efforts of rank-and-file NYCHA personnel working throughout the COVID crisis); the status of the Governor's GDA reimbursement fund, which allocates up to \$450 million to replace heating plants and elevators contingent on the Monitor's approval of NYCHA's use of the funds; the work of the Community Advisory Committee ("CAC"), which continued to meet and collaborate remotely during the past few months; and the status of the transformative new organizational plan for NYCHA.

We are confident that our continuing discussions with NYCHA, our attendance at meetings, and our collaboration with NYCHA consultants, combined with active oversight and the implementation of concrete solutions, is a reasonable way to work with NYCHA during the COVID crisis.

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I. NYCHA's Requests to Extend Agreement Deadlines

As we detailed in our prior report, NYCHA requested a postponement in the HUD Agreement deadlines and schedules coming due during the second quarter so that it could focus on the COVID response.¹ HUD, SDNY, and the Monitor agreed to extend the deadlines coming due between March 13, 2020 and May 31, 2020, to June 30, 2020, without requiring NYCHA to make any specific showings. To obtain further extensions, NYCHA must show that it has used “best efforts” to comply with the Agreement despite circumstances beyond its control, and that any extensions are necessary solely to address the impact of the public health emergency. The Monitor then will make recommendations to HUD and SDNY as to whether NYCHA has used “best efforts.”

NYCHA has now requested that all incomplete deadlines be further extended to September 30, 2020. Rather than delaying deadlines generally, discussions are underway with NYCHA about handling the need for delays on a deadline by deadline basis. While the COVID crisis undeniably has had a significant impact on NYCHA, our primary concern is NYCHA's plan to address its increasing backlog of work orders. During the heart of the COVID crisis, it was understandable that NYCHA personnel could not access individual apartments to perform repairs except in emergency situations. But going forward, as NYCHA establishes health and safety protocols under the guidance of city, state, and federal agencies, more routine repairs must eventually resume, particularly increased work for high-priority items like lead and mold remediation, and ongoing pest infestations.

NYCHA has begun to develop a program to manage this significant backlog. While we would have preferred that NYCHA initiate the planning sooner, NYCHA is now putting resources into solving the problem and the Monitor team is participating in the process. The private sector has moved more quickly in working to solve these problems, and we have every confidence that NYCHA will do so as well. According to NYCHA, prior to the COVID crisis there were 382,513 open work orders as of March 16th, 2020, which have grown to 407,904 as of August 3, 2020. The good news about the work order requests is that their very existence demonstrates that, with proper protection, NYCHA residents are ready to have repair staff in their apartments. The Monitor is particularly focused on how priorities will be set and has asked NYCHA to take into account the particular needs of residents. For example, for work requests related to mold, NYCHA could prioritize those residents who suffer from asthma or other related illnesses. This has never been done before at NYCHA.

¹ The Agreement, signed in early 2019, did not give the Monitor authority to oversee NYCHA's response to the COVID pandemic. NYCHA's COVID response is therefore not discussed in this letter.

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We will work with HUD and NYCHA to balance health and safety concerns with the need to perform significant repairs, remediation, and abatement work, so that the progress of revitalizing NYCHA in accordance with Agreement requirements can properly proceed.

II. Notable Progress in the Last Quarter

As we reported in May, despite the significant challenges, NYCHA made progress in many of its service areas to residents that are covered under the Agreement. The close working relationships we have developed with the managers and their teams in those areas is paying off in collaborative efforts that are producing important results.

Data Management

One key accomplishment is NYCHA's vastly improved ability to capture and analyze its critical data, and then use that data to better drive operational and capital decisions. A cross-organizational team – including NYCHA's various pillar leaders (heating and elevators services, mold and lead paint remediation, pest control and waste management), NYCHA's data analytics unit, the Monitor team, and HUD representatives – have all contributed to an ambitious data dashboard project. The idea is to create real-time electronic data reporting charts for all NYCHA's main service areas, which will provide not only an assessment of current operations but will also measure how these services are progressing compared to past performance.

The charts are structured to report the data based on “business rules” created from the HUD Agreement obligations. For example, the Agreement requires that NYCHA track the length of its heat outages to ensure that the outages do not exceed specified durations before heat is properly restored. In creating the heat dashboard, the team agreed upon and established the circumstances that set start and end points for calculating outages, so that time lengths are accurately reported.

Oversight and Heat Outage Investigations

Another important Agreement mandate that has really added value to NYCHA's operations is the work of its three new internal oversight units – Compliance, Quality Assurance, and Environmental Health and Safety (“EHS”). Each has a strong director with decades of investigative experience. Starting over a year ago, the Monitor team worked closely with NYCHA to create a structure for each unit, ensuring that they were properly staffed and resourced, and provided with sufficient independence to conduct meaningful investigations leading to comprehensive findings.

As we reported in the last quarterly report, EHS's Heat Oversight Team was close to completing its investigations of development heat outages lasting longer than 12 hours,

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which NYCHA was required to conduct under the Agreement. In early July, EHS released its end-of-season report, indicating that the team had presented just over 50 distinct recommendations to NYCHA's heat department ("HMSD"), all of which were accepted. Some of the recommendations were development-specific, but many were "universal," meaning that they called for specific changes across *all* of NYCHA's heating services. For example, heat distribution systems such as heat risers have rarely been replaced at any NYCHA building and are generally in poor shape, often leaking and/or becoming clogged, which greatly diminishes the heat that can be delivered to units. EHS's recent report observed that "[a]s the wholesale replacement of aged distribution systems is currently not planned, EHS believes this will be a constant threat to HMSD achieving the service delivery goals in the Agreement." The Monitor team will work with NYCHA's Capital Division to create a plan to begin the systemic replacement of heat risers and other distribution equipment at developments. We will also support EHS in working with HMSD to further develop an immediate preventive maintenance strategy to reduce the number of riser problems and fix them faster when they do occur.

Elevators

As we reported in May, NYCHA's Elevator Department ("ESRD") has only had access to usable elevator repair and maintenance data since last summer. NYCHA's 3200 elevators are some of Authority's poorest performing assets, mainly because so many are still in operation well past their intended life spans. ESRD must do all it can to develop effective repair and maintenance programs to keep elevators in service, and its own data is now a critical tool in this process.

For example, the repair data demonstrates that ESRD staff typically make multiple repair visits before finally correcting the root cause problem underlying the elevator breakdown. While short-term fixes can put the elevator back in service temporarily, breakdowns will reoccur until the root cause is fixed. This leads to increased total outage times and inefficient use of ESRD staff who must keep responding to the same elevators. The repair data is now being more closely analyzed to identify these circumstances faster so ESRD can better attend to the main root causes on the initial repair visits for a more permanent fix. The ability to fully staff three work shifts is also critical to ESRD's efforts, which would allow for greater elevator repair and maintenance capacity, particularly during over-night hours. NYCHA has been in negotiations with the unions regarding this and other issues.

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Lead-based Paint

NYCHA continued to attempt corrective paint work in suspected lead paint units inhabited by children under six, and in units confirmed to have lead paint components. Other in-unit work and all XRF testing was suspended (with only about 30% completed) due to COVID-19. Certain common area and community center work proceeded where COVID transmission risks were minimal. EBLL-related work and turnover abatements continued. NYCHA has also significantly increased its abilities to compile, sort, and visualize various types of lead data, and has created a highly useful vendor portal for the submission of lead paint certifications and other information.

NYCHA has accrued a significant backlog of lead paint corrective work in apartments which must be addressed, and NYCHA must resume visual and in-unit biennial risk assessments (which will lead to more corrective paint work orders). Further, NYCHA continues to face a great challenge in the timely and successful performance of dust wipes necessary to clear apartments for safe occupancy after lead paint work is completed. Although no key HUD Agreement deadlines relating to lead came due in the past quarter, future deadlines are at great risk of noncompliance. The phase one lead action plan submitted in March is still awaiting approval.

Mold

The understandable reluctance of residents to admit workers into units likely weighed on NYCHA's mold performance during the last quarter. NYCHA pledged to respond to mold and leaks during COVID, and our study of approximately 850 cases from March 23 through June 8 indicates that NYCHA conducted initial mold inspections within 5 business days 73.7% of the time. It performed simple repairs (within 7 days) 54.5% of the time and remediated mold in complex cases (within 15 days) 18.2% of the time. The hiring of maintenance and skilled trades personnel or vendor equivalents as required by the Mold Action Plan was not advanced by NYCHA until recently, when NYCHA chose the vendor option. These assets have not yet been deployed. The roof fan upgrade project has slowly advanced, but the rate of installation will not be known until a pilot at three developments is concluded, likely in October. System-wide rollout of simultaneous roof fan upgrade work at 6-8 developments still faces critical path risks and may not be completed until the later part of 2021. The cleaning and upgrading of 25-50 vents and vent covers per day (requiring access to apartments) was placed on hold due to COVID. The full benefit of the roof fan and ventilation improvement project will require a plan to safely enter units.

Pests and Waste

As we described in the last quarterly report, NYCHA committed to creating a new department to centrally coordinate and manage waste management and pest control services across NYCHA. Up to the current time, these services have been largely

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managed at the development and borough levels with varying results. What has been evident at many developments grounds is the constant presence of all kinds of trash strewn about, including bulk garbage, which also promotes the added problem of pest infestations. NYCHA, with the assistance of the Monitor team, has been working diligently for the last year to develop effective and creative ways to turn this around, and it became clear that having a centralized department was necessary. Despite the pandemic, NYCHA has made great progress to set up this department, including the recent appointment of a new Vice President of Waste Management and Pest Control to lead the department. The new VP has over 25 years' experience at the City's Department of Sanitation and has been leading NYCHA's waste management efforts for over a year.

As a critical step in this process, every development should have its own waste management action plan that takes into account each unique development building layout, the available waste management facilities (compactors, bulk garbage crushers, card board bailers, etc.), and provides clear directives as to how and where trash and recyclables should be disposed of at the development. Once drafted and distributed to relevant staff and residents, the plan will become the blueprint for keeping developments clean and hopefully pest-free.

In mid-June after months of planning, NYCHA's Office of Strategy & Innovation ("OSI"), Strategic Planning and Capital Planning, began a project to conduct surveys and gather other information at every NYCHA consolidation that will then be used to draft waste management action plans for each consolidation. As part of the project, graduate students in Urban Planning, Public Policy and Sustainability will be doing much of the leg work. These plans will include key data on each development within a consolidation, information on the distribution of waste assets throughout each consolidation, and an estimate of staffing levels at each consolidation. In addition, the associates will produce a qualitative analysis of the state of waste management at each consolidation (drawn from interviews with property management and from past NYCHA reports); a quantitative analysis of trash compactor-related work orders at each consolidation; and detailed site plans for many consolidations. These will be included in the action plans, which the Strategic Planning team envisions will serve as a reference for property managers and as a source of potential reforms at the consolidation level.

The activities described above are only some of the significant developments of the past quarter. We continue to work with NYCHA in all of the areas related to the HUD Agreement. Some areas will be of particular focus going forward, such as NYCHA's procurement process. Procurement continues to be a NYCHA bottleneck for a myriad of reasons from historical protocols to a failure of coordination between management teams that should be working together. Additionally, the management consultant's report

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identified NYCHA's Capital Division as having numerous serious issues which need to be addressed.

III. The Governor's \$450 million Reimbursement Fund

The GDA Agreement governs the allocation of \$450 million in New York State reimbursement funds for the purchase and installation of new elevators and boilers at NYCHA developments. The disbursement of the funds is conditioned on the Monitor's approval of NYCHA's expenditures. At the present time there is a hiatus in the monitoring as we work out protocols and budgets for the work to be done. I believe it is fair to say that we all anticipate reaching an agreement so that NYCHA will be able to qualify for the reimbursements once the Monitor reviews them.

IV. Community Advisory Committee ("CAC")

On July 14, 2020, the Monitor team and CAC members held their sixth meeting virtually. The meeting commenced with an update from Deputy Mayor Vicki Been about the City's efforts to address the needs of the NYCHA community with respect to rent recertifications, capital investments, tablet and internet distribution to seniors, and the prioritization of mold removal and roof repairs and replacements. Next, HUD Regional Administrator Lynne Patton explained the breakdown of CARES Act funding for NYCHA's COVID-19 efforts. Among other updates, City Council Member Alicka Ampry-Samuel spoke about the council's hearings with NYCHA CEO Gregory Russ, and she stressed the importance of continued communication and transparency between all agencies. The Monitor also shared details on the Monitor team's continued work during this time and previewed many of the updates contained in this letter.

V. Transformation Plan

Towards the end of July, NYCHA Chair and CEO Russ set forth NYCHA's "Blueprint for Change," a presentation about his vision for the future and ideas about how to stabilize, preserve, and restructure NYCHA. These ideas will be incorporated in a comprehensive new organizational plan, known as the "Transformation Plan," detailing how NYCHA will chart its path forward into the next decades. Under the HUD Agreement, NYCHA and the Monitor are to work collaboratively to deliver the plan to the City, HUD, and SDNY for consideration. This plan will go to the heart of how NYCHA is organized and managed long term and day to day.

Since the last reporting period, significant work has occurred on the Transformation Plan. NYCHA has engaged with several consulting firms to assess various areas of its current

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operations including procurement, work orders and the deployment of skilled trades, finance, and governance. A firm was also selected to provide NYCHA's OSI with assistance in connection with change management. There have been challenges due to COVID, such as limitations on access to staff and residents in the field. OSI has been developing means to communicate with staff and residents for feedback despite those challenges. We have worked collaboratively with OSI and NYCHA's consultants to provide feedback and guidance where appropriate.

NYCHA has revised its schedule for the Transformation Plan and now anticipates a draft document by the end of October. NYCHA is scheduled to start providing draft sections of the plan to our team in August for review and comment.

The Transformation Plan is a living document that will evolve and be revised over time. A good example is the creation of a Housing Trust and its potential impact on the overall organizational structure of NYCHA. While NYCHA may not know all the specifics at the present time, the Transformation Plan should clearly lay out the options being considered, challenges that may be encountered, and the steps that NYCHA will undertake to execute its plan.

As NYCHA continues to consider and prioritize each of the management consultant's recommendations received in January, NYCHA will need a dedicated implementation team to coordinate, schedule, and manage the organization through the expansive change ahead that will likely take years. It is an exciting time for NYCHA and we look forward to working with NYCHA to shape the Transformation Plan over the next three months.

VI. Conclusion

We are hopeful that, with the continued commitment of NYCHA personnel in the field and the reduction of time that NYCHA officials must dedicate to COVID-19, NYCHA can focus more on its efforts to comply with the HUD Agreement.

Respectfully Submitted,

Bart M. Schwartz
Monitor