**BILL NUMBER:** A11149

**SPONSOR:** Rules (Cymbrowitz)

**TITLE OF BILL**:

An act to amend the public housing law and the administrative code of

the city of New York, in relation to establishing the New York city

public housing preservation trust for properties owned or operated by

the New York city housing authority and providing for the issuance of

certain bonds of the New York city housing development corporation

**SUMMARY OF PROVISIONS**:

Section one of this bill would amend the Public Housing Law by adding a

new article 14, with new sections 579 through 601 establishing the New

York City Public Housing Preservation Trust (the "Trust").

Sections 576, 578, 600, and 601 set forth the short title for the arti-

cle, legislative findings, applicable definitions, as well as provisions

clarifying the effect of inconsistent provisions in other laws, and a

severability clause.

Sections 579 and 580 establish the Trust as a public benefit corporation

and include provisions relating to the composition of the Trust's board

of trustees, the appointment of officers, as well as the powers and

duties of the Trust.

Section 581 sets forth the procedure by which the New York City Housing

Authority ("NYCHA"), subject to the approval of the U.S. Department of

Housing and Urban Development, may transfer a leasehold interest in its

housing facilities and other personal property of such facilities to the

Trust. Section 582 exempts from land use review procedures a transfer of

any property interest to the Trust and the development of a housing

facility by the Trust.

Section 583 provides that the protections afforded to residents of the

housing facilities will be consistent with those afforded to public

housing residents, to the extent permitted under federal law. Such

protections will include: (i) preserving the affordable character of the

housing facilities; (ii) ensuring that residents required to relocate

during rehabilitation may return to the housing facility;

(iii) providing residents the opportunity to establish and operate coun-

cils to represent them; (iv) providing a resident the opportunity for an

informal hearing to grieve actions of the Trust with respect to such

resident's lease; (v) providing automatic lease renewal except for good

cause as specified in a lease between such resident and the Trust; (vi)

determining succession rights to a lease between a resident and the

Trust and to a voucher issued pursuant to

Section 8 of the United States Housing Act of 1937, as amended; and

(vii) permitting an over-income resident to remain in the housing facil-

ity and pay rent in an amount to be determined by the Trust and

NYCHA'and specified in the lease. The Trust is also required to ensure,

to the greatest extent feasible and consistent with federal law and

regulations, that employment and economic opportunities are directed to

residents of the housing facilities.

Sections 585 through 588 establish the procurement procedures for the

Trust and authorize the Trust to use alternative project delivery meth-

ods in procuring its work, including using the design build,

construction manager build, and construction manager at risk project

delivery methods.

Section 589 authorizes the Trust to issue bonds and to pledge any part

of its revenues to secure the payment of its bonds. Section 589 also

authorizes the New York City Housing Development Corporation

("NYCHDC") to issue bonds on behalf of the Trust and to make loans to

the Trust and related entities with the proceeds of such bonds (which

will not be subject to NYCHDC's current limitations on outstanding bonds

and certain other statutory provisions applicable to NYCHDC's bonds

issued for other purposes). Sections 590 through 592 authorize the Trust

to accept funds from any source and to securitize such funds for the

purposes of raising capital for the development, rehabilitation, and

operation of housing facilities and exempt the Trust and any funds it

raises from taxation.

Sections 593 and 597 set forth a procedure for commencing certain suits

for personal injury or damage to personal property against the Trust,

and set forth the Trust's obligations to defend and indemnify its

employees, president, officers and board members.

Sections 594 and 595 provide that the Trust is subject to the Civil

Service Law and the rules of the Department of Citywide Administrative

Services in connection with civil service matters, protect the civil

service rights of current NYCHA employees who may be transferred to the

Trust, and set forth the Trust's obligations with respect to collective

bargaining.

Sections 584, 596, 598 and 599 provide that the Trust is not a "covered

organization" under the New York State Financial Emergency Act and is

neither a "local authority" nor a "state authority" under the Public

Authorities Accountability Act, but is subject to investigation by the

City's Department of Investigation, to audit by the City Comptroller, to

the state and city human rights laws and to applicable sanitary and

building laws and regulations.

Sections two and three of the bill amend sections 13-101 and 13-133 of

the New York City Administrative Code to provide that employment by the

Trust is considered City service for purposes of participation in the

New York City Employees' Retirement System (NYCERS), and to require the

Trust to make monthly payments to NYCERS to satisfy its pension obli-

gations.

Section four provides that this bill would take effect on the sixtieth

day after it becomes a law, provided that any public officer or employ-

ee, including but not limited to the Mayor of the City of New York and

the Chief Executive Officer of NYCHA, may take any necessary action to

implement this act prior to such effective date.

**REASONS FOR SUPPORT**:

NYCHA's public housing facilities are deteriorating as a result of

decades of diminishing capital investment. Recent assessments indicate

that the housing facilities' capital needs have reached $40 billion - on

average, over $200,000 per unit - and it is clear that NYCHA's housing

facilities require significant capital investment to design, develop,

construct, reconstruct, improve, modernize, rehabilitate, and repair

these aging buildings. These capital needs include costs to address

numerous core safety issues - such as mold, lead, heat, pests, and

elevators that are critical to the wellbeing of NYCHA residents. Each of

these scope areas requires an immense level of funding: for example, at

110,000 apartments, fully addressing mold conditions is estimated to

cost roughly $9.5 billion and rehabilitating heating systems is esti-

mated to cost over $4 billion. Without an immediate injection of capital

funding, the buildings will continue to deteriorate over time, which

will worsen conditions for residents of the housing facilities and

increase the amount of funding required to fully rehabilitate the build-

ing by billions of dollars over the next five years.

This bill allows the Trust, a new public entity, to access a more valu-

able funding stream than the federal subsidy currently available to the

housing facilities and to leverage that funding stream to finance

infrastructure-level rehabilitation of the housing facilities. These

repairs not only will improve the physical integrity of the infrastruc-

ture, but also will result in a return on investment in the foul' of

energy consumption reduction, utility savings, and savings on emergency

maintenance In addition, the bill will facilitate job creation and

improve environmental health, while preserving the peinianently afforda-

ble character of the housing . The Trust will also create significant

economic activity through this unprecedented investment, which will help

the City and state recover from the economic and health crises brought

on by the COVID-19 pandemic.

This bill also grants the Trust the flexibility to utilize innovative

project delivery methods to accomplish these goals. The Trust's flexi-

bility in leveraging capital investment and in managing the rehabili-

tation of these properties will result in renovations and repairs on a

much faster timeline than NYCHA residents could expect from the methods

available to NYCHA at present. Beyond the physical repairs to NYCHA's

housing facilities, this bill will make it possible to provide afforda-

ble homes that are decent, safe, and sanitary for hundreds of thousands

of New Yorkers.