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Testimony on the Impact of RAD/PACT Program

Submitted to the City Council Committee on Public Housing

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Thank you for the opportunity to testify on the New York City Housing Authority's (NYCHA) Rental Assistance Demonstration (RAD) and Permanent Affordability Commitment Together (PACT) programs, which are central to NYCHA's strategy to renovate and preserve public housing. I am Sean Campion, Senior Research Associate at the Citizens Budget Commission (CBC), a nonprofit, nonpartisan think tank and watchdog dedicated to constructive change in the services, finances, and policies of the New York City and New York State governments.

CBC's 2018 report "[Stabilizing the Foundation](#)" documented the root causes of NYCHA's then-\$32 billion (and growing) in capital needs and identified bold actions necessary to raise capital funding and transform NYCHA into a cost-effective, quality landlord. CBC warned that the consequences of inaction were dire. Without action, by 2027 fully 90 percent of NYCHA's portfolio would be at risk of deteriorating to such poor conditions that it would cost more to repair the units than to replace them. CBC recommended four strategies to address the capital crisis: fully integrate NYCHA into the City's affordable housing strategy; accelerate and maximize the pace of Section 8 conversions through RAD/PACT; take advantage of underutilized land to raise revenue through infill development or air rights sales; and improve operations and construction management.

As of earlier this year, NYCHA is on track to meet some of these goals, including maximizing RAD and PACT conversions. As of February 2022, NYCHA had completed or was in the process of renovating 14,742 units, with another 20,426 units in the pipeline. This is more than halfway towards its goal of 62,000 units, which is the maximum it can convert under its federal cap. More importantly, these RAD conversions have financed [\\$3.2 billion in capital improvements](#) and dramatically improved quality of life for tens of thousands of residents.

The many advantages of converting from Section 9 public housing funding to voucher financing under RAD include:

- Raising funds needed for comprehensive modernization projects that include new building systems, interior renovations, and new common areas and public spaces;
- Providing a more stable funding stream than Section 9, and one that enjoys bipartisan support; and
- Providing enough funding to maintain buildings in a state of good repair going forward and, hopefully, to prevent the current cycle of disinvestment from happening again.

RAD/PACT conversions have achieved this while maintaining the rights and privileges that residents have today under Section 9, including paying just 30 percent of their income in rent.

Notably, the RAD conversion process has also improved from its initial roll out. Current and future NYCHA developments converting to RAD will benefit from NYCHA's experience with the Chelsea working group. As a participant in the group and co-chair of its subcommittee on capital finance, I can speak firsthand about how resident input, decision-making, and empowerment is now at the center of the RAD conversion process. Thanks to the tireless advocacy of the residents of Fulton and Chelsea-Elliot, and collaboration with NYCHA, City and State officials, community groups, and outside advisors (including CBC), resident rights and protections are now codified into RAD agreements and leases, and resident associations will be able to participate in a new procurement process that provides technical assistance to residents, empowers them to identify the changes they want to see as part of the conversion process, and gives them a seat at the table alongside NYCHA to select the development partner that will best execute their vision.

The news, however, is not all good.

First, physical conditions at the developments not converted under PACT appear to be worsening at a rapid pace. Worryingly, conditions continue to deteriorate faster than NYCHA's ability to repair them, even with record levels of capital support from the City and State. A new physical needs assessment—currently underway—will reveal the true extent of deterioration since 2017 and to what extent the risks of rapid deterioration I described earlier have come to pass.

Second, even if NYCHA meets its goal of renovating 62,000 units under RAD, there is no funding in place to renovate the remaining 110,000 NYCHA public housing units that would remain in the Section 9 program. The best hope for preserving these 110,000 units is the passage of the proposed Preservation Trust legislation (S6999A/A7805). The Trust would allow NYCHA to secure lucrative federal Tenant Protection Vouchers (TPVs) and to partner with construction management and design firms to oversee the renovation of the remaining public housing units. The Trust legislation under consideration in Albany also would authorize NYCHA to use construction manager-build and construction manager-at risk procurement, which was successfully used by the City's Department of

Design and Construction under emergency rules during the pandemic to deliver projects quickly and cost-effectively.

With buy-in from residents, the Trust would offer a truly transformative future for public housing in New York City. However, the fate of the Trust depends on State legislative action and on federal government approval and funding of TPVs. We urge the Council to join NYCHA and City Hall in lobbying for State and federal actions needed to pass the Trust.

Time is not on NYCHA's side. NYCHA's 400,000 residents deserve safe, secure, and habitable living conditions. The only path to stable operations, improved physical conditions, and preserving public housing requires comprehensive renovations funded through a combination of RAD/PACT and the Preservation Trust.

Thank you.