



Bloomberg reveals \$732 million investment to modernize city public housing

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Mayor Michael Bloomberg, New York City Housing Authority chairman John Rhea, New York City Housing Development Corp. president Marc Jahr, and U.S. Housing and Urban Development acting regional administrator Mirza Orriols unveiled that the city's latest capital project bond issuance has generated \$732 million - the largest bond proceeds ever raised for public housing authority capital funds - for repairs at NYCHA public housing developments across the city. Of that amount, \$476 million in bond proceeds will fund repairs to deteriorating building exteriors and systems at 24 public housing developments with approximately 32,000 residents. Work has begun at two locations in Brooklyn.

"Unlike other cities around the country, our Administration is deeply committed to preserving and improving our public housing system, despite the major budgetary challenges involved in doing so," said Bloomberg. "We've found creative ways to generate capital and reduce the backlog of repairs, and this bond issuance will further that progress."

Revenue from this bond issuance provides a dedicated resource to address make repairs to brick façades, roofs and other structural elements. The repair and replacement of these building-wide systems will help address underlying conditions that can be the cause of multiple maintenance issues, and which must be addressed prior to making investment in building components such as elevators, bathrooms, kitchens, intercoms as well as heating, plumbing and electrical systems. Data collected from façade inspections at each of its high rise buildings and routine tracking of maintenance needs related to water infiltration or leaks, along with rehabilitation requests from its Property Management staff, helped NYCHA identify the 24 capital projects for building-envelope repairs.

Work has begun at Kingsborough and Kingsborough Extension in Brooklyn, where 1,349 households with 2,700 residents live. In the coming days, contractors will begin more than \$30 million in repair work including roof renovation and brickwork at each of the 17 Kingsborough buildings; and improvement to the water tower at the Kingsborough Extension high-rise-all of which will bring the buildings to a state of good repair. NYCHA also has scheduled work at additional public housing developments of the 24 that will receive capital repairs.

"Mayor Bloomberg is committed to preserving and strengthening public housing in New York City," deputy mayor for Economic Development Robert Steel said. "With the proceeds of this innovative transaction, NYCHA residents in communities in all five boroughs will see immediate improvements to their homes."

"As we outlined in our five-year roadmap, Plan NYCHA, our efforts to preserve public housing will require creative capital-raising strategies and a renewed commitment to investing in a sustainable

manner in this vital asset," said NYCHA Chairman John B. Rhea. "We appreciate the partnership and support of HUD, Governor Cuomo and his team at HCR and our colleagues from HDC for working with us to achieve this long-term capital plan for NYCHA. Ultimately, these funds will secure the homes of NYCHA residents and improve their quality of life."

"This financing plan could not have come together without the partnership among likeminded city, state, and federal housing agencies with a shared mission to provide and preserve affordable housing for those New Yorkers most in need," said HDC President Marc Jahr. "With the bond financing in place, NYCHA can begin immediately to make critically needed repairs and improvements that will serve tens of thousands of their residents. Over the course of the Mayor's administration we have collaborated with the state and the federal governments on initiatives totaling more than \$2 billion to finance repairs, create new affordable housing, and improve the quality of life for NYCHA's residents. I thank Mayor Bloomberg for his leadership and commitment and Governor Cuomo for the State's continued support to our affordable housing efforts."

"I am delighted that the New York City Housing Authority utilized our CFFP program, which will allow them access to private sector funding. It should also be noted that this important transaction required a diligent and maximum effort by our staff in the New York Office working in close coordination with our colleagues in the office of HUD Secretary Shaun Donovan, along with the New York City Housing Development Corporation, and with the leadership of NYCHA," said HUD Acting Regional Administrator Mirza Orriols. "The innovative financing structure developed by NYCHA Chairman John B. Rhea and his team will reduce interest costs and allow NYCHA to quickly deploy hundreds of millions of dollars to accelerate urgently-needed repair and modernization work that will improve living conditions for present residents and extend the useful life of public housing so that NYCHA may better serve future generations of New Yorkers."

HDC has issued \$476 million in Series 2013B bonds to provide an immediate source of funding to NYCHA in the form of a loan that will be dedicated to modernization and repairs. The transaction was done in partnership with the Cuomo Administration through New York State Homes and Community Renewal to ensure that the funding would be maximized to serve as much of NYCHA's public housing stock as possible.

Another \$220 million in bond proceeds serves to refund and lower the interest rate on bonds that were issued in 2005, the proceeds of which had been used by NYCHA for repair work. The remaining proceeds are being used to finance a debt service reserve fund and pay the costs of issuing the bonds. The financing plan was approved by HUD under its Capital Fund Financing Program. NYCHA is participating in the program to accelerate its efforts to modernize and improve the city's public housing stock. The program will allow NYCHA to plan and carry out multi-year construction programs to comprehensively address critical maintenance and rehabilitation needs.

"I am looking forward to the results of this financing plan also suggested and promoted by the resident leaders, and the City Wide Council of Presidents," said resident leader and President of the City Wide Council of Presidents Reginald Bowman. "I am pleased this collective approach to funding capital projects is moving forward to continue to do the much needed work that will lead to

something that residents are looking forward to- better buildings and facilities for their comfort and enjoyment."

In closing this transaction, NYCHA was able to leverage strong operational management and a solid Capital fund obligation and expenditure performance by consistently meeting all HUD-mandated guidelines for obligating and spending capital funds. The Authority continues to enhance and effectively implement a Capital planning process to obligate its annual federal funding for Capital Projects within 18 months, as opposed to HUD's mandate of 24 months; and meet its expenditure targets for those projects within 36 months, as opposed to HUD's mandate of 48 months.

Over the past three years, the Authority has made approximately \$1.5 billion in capital investments, including \$423 million in federal stimulus funding for capital improvements that enhanced the quality of life for 140,000 families. In 2012, NYCHA successfully invested nearly \$500 million in making capital improvements to its housing stock.

HDC and NYCHA worked collaboratively to develop a plan to leverage the Authority's annual capital funds appropriation from HUD. In 1998, the Federal government passed legislation enabling HUD to develop a Capital Funds Financing Program, which allows public housing authorities to pledge a percentage of their future federal assistance towards the payment of debt. The Bonds will be payable solely from and secured by a first priority pledge of NYCHA's annual allocation of public housing capital funds (Capital Grant Fund Monies).

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