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NYCHA Says It Needs \$485K to Repair Each **Apartment – But Actual Costs Come In Much** Lower Public housing's eye-popping \$78 billion physical needs assessment came under fire at a City

Council hearing Friday, as critics say NYCHA uses the estimate to justify delays. BY GREG B. SMITH | GSMITH@THECITY.NYC | SEP 25, 2023, 5:00AM EDT SHARE REPUBLISH



When Mayor Eric Adams pushes for more money to fix New York City's aging public housing, he cites a cost estimate NYCHA announced in July: \$78.3

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billion. That's what the authority says it needs to fully rehabilitate 161,400 aging apartments.

That comes to \$485,000 per unit — an alarm bell ringing estimate that for the first time finds NYCHA claiming the price tag to upgrade a single public housing apartment tops the median sales price of a co-op apartment in New York City, currently \$480,000.

At some developments, NYCHA's latest cost calculation — known as the physical needs assessment (PNA) — runs even higher. At the Edenwald Houses, the biggest NYCHA development in The Bronx, NYCHA says it'll cost \$1.1 billion to fully rehab 2,039 apartments. That comes to \$548,951 per unit — more than

half a million dollars for a single apartment.

conditions of NYCHA's 400,000 tenants.

But an examination by THE CITY found that NYCHA's actual per-unit cost consistently comes in lower — and usually much lower — than the PNA estimate when the agency targets an actual development for what it calls a "comprehensive" rehabilitation. Critics question the PNA's accuracy and say NYCHA uses the massive fixup estimate to justify delays to immediate on-the-ground repairs. THE CITY's

analysis also reveals a potentially far more realistic goal for upgrading the living

Members and sponsors make THE CITY possible. Under a federal program known as Rental Assistance Demonstration (RAD) in

which NYCHA retains ownership of properties but turns over management to

private-sector developers, the per-unit cost so far this year has ranged from

\$124,000 to \$384,000 — well below the \$485,000 per-unit cost estimate

presented by the PNA, THE CITY found. At Edenwald, for instance, the RAD plan calls for \$783 million in "comprehensive renovations" with a per-unit cost of \$384,000 — far less than the \$548,951 per unit cost NYCHA's PNA claimed Edenwald needed. At all nine developments flagged this year for the RAD program NYCHA calls

PACT (Permanent Affordability Commitment Together), THE CITY's analysis

found that NYCHA's PNA estimates were, without exception, higher than what

NYCHA said was necessary to do a full upgrade to the development under RAD.

'An Excuse to not Fix Problems'

"independent" physical needs assessment.

that reason our client will have to wait."

when we have an actual project."

What's in the Bill

wholesale prices.

were big differences."

than the private market."

the cost more accurate."

construction materials.

repairs.

Questions about the PNA's accuracy emerged both inside and outside City Hall on Friday, the day the City Council's public housing committee held a two-hour hearing on the analysis. Outside, a group of tenants protested what they dubbed "the biased narrative

embedded in this report," noting that in completing the 2023 PNA, NYCHA

15% of the units in the buildings they looked at. They called for an

Inside City Hall Committee Chair Alexa Aviles (D-Brooklyn) noted that

spike NYCHA has mostly attributed to the dramatic increase in costs for

sampled only 30 of its 320 developments and randomly examined only 10% to

NYCHA's PNA had risen from \$45.2 billion to \$78.3 billion in just five years, a

Aviles noted that the 2023 analysis took place at a time "when inflation was at its peak," and suggested NYCHA should "explore whether that cost remains the same now that inflation has abated." And Sophie Cohen, a lawyer with the New York Legal Assistance Group, testified

that many of the public housing residents the group represents say NYCHA

management uses the PNA's overwhelming figure to avoid doing small-bore

"NYCHA points to the PNA as an excuse to not fix problems," Cohen said. She

cited one instance where a tenant seeking repairs to her sink was told, "NYCHA

reminds us there's been a report that there's \$78 billion of needs unmet and for

At one point, Aviles asked Shaan Mavani, NYCHA's chief asset and capital management officer, "Do you believe the 2023 PNA is an accurate reflection of NYCHA's actual physical needs? Mavany replied yes, but added a caveat: "I think it's important to keep in mind

that the PNA is fundamentally a planning and capital development strategy tool.

It does inform the specific planning of individual projects, budgeting and all of

that. But it is not a replacement for cost estimating and other activities we take

Much of the difference occurs because NYCHA uses market-rate unit pricing of construction materials to calculate rehab expenses. That's essentially the retail cost. Under RAD, private sector developers are able to negotiate the price down via economy of scale on specific projects and to pay what are essentially

NYCHA officials acknowledge RAD/PACT costs generally come in lower than PNA estimates in part because of the in-depth analysis that precedes transferring a development into RAD to determine an accurate cost estimate of a "comprehensive rehab."

With RAD, the authority hires an engineering firm to draft an independent

"critical needs analysis" that includes inspecting 25% of units — more than the

10 to 15% under the PNA — interviews residents and drafts a report. The RAD

developer also does a six- to nine-month deep dive "which typically goes much

The U.S. Department of Housing & Urban Development (HUD) recommends

every five years. The intention is to estimate the 20-year needs to bring all

that all public housing authorities perform an analysis of what needs to be fixed

deeper than the PNA," Mavani told the committee.

apartments up to appropriate standards of habitability.

In an interview with THE CITY, Vicki Been, a former deputy mayor for housing in the de Blasio administration and now Weinfeld Professor of Law at NYU's Furman Center, recalled when she was in City Hall the PNA "was sort of a first cut of what we actually thought it would cost if we were thinking about the request for proposal for a PACT development. We always understood that there

Been said the higher numbers in the PNA are due to the fact that it "essentially treats every cost as a separate one and it doesn't take into account if you go in and rehab an apartment in a building versus going in and rehabbing all the apartments in a building." Economy of scale inevitably reduces the price tag: "There are economies of scale in doing multiple developments in an area. There are economies of scale of

doing more than one apartment. There are economies of scale of doing an entire

Been also noted that renovating a NYCHA development tends to cost more than

procurement costs, its labor costs, the time that things take which are higher

a private sector rehab because of "the special features of NYCHA — its

development. The PNA doesn't take those into account in the same way in the

thinking of what the PACT rehab is going to cost."

Even factoring in that RAD developers must pay prevailing wages set by the state that are comparable to union scale, Been noted NYCHA still "has a different labor force, which is not always as well trained as a private workforce would be...that would tend to make (the costs) higher." Predicting how much is really needed to make things right for NYCHA's 400,000 residents is, essentially, a balancing act.

"You don't want to be too low, you don't want to be too conservative because

you're not going to be able to obtain and spend the money," Been said. "Whereas

in the PACT deal, there is a statement about what needs to be done that makes

Thus there is always a contrast between the actual costs under RAD versus the

much higher estimates produced by the PNA. THE CITY found that to be the

case in all the developments placed in RAD so far this year:

\$172 million in upgrades at \$289,000 per unit.

\$280,597,320 in fixes at \$220,595 per unit.

share that number upon closing."

Preservation Trust

in repairs at \$238,000 per unit.

• An \$85 million PACT upgrade with "comprehensive repairs and upgrades" to all 523 apartments in two East Harlem developments, Metro North and White Houses, comes in at \$162,000 per unit. That includes "common areas, public spaces, heating and cooling systems, elevators, security systems, and other building systems." The PNA says the developments need \$124 million

• At the West Brighton Houses on Staten Island, a PACT rehab of 598 units

clocks in at \$100 million or \$174,216 per unit. NYCHA promised under

bathrooms, flooring, windows, paint, doors, and other interventions to

• The 1,272 apartments of the Manhattanville Houses in Harlem are set for

\$222 million rehab at \$174,528 per unit. This plan also includes complete

• A total of 952 units at three Bronx developments, Boston Secor, Boston Road

upgrades" via PACT at \$135,000 per unit. NYCHA's PNA estimate for these

renovation of every unit, along with major improvements to public space

and common areas. The PNA has another more expensive take:

Plaza, Middletown Plaza, will get \$128.5 million in "comprehensive

PACT, "Every apartment will be completely renovated with new kitchens,

enhance residents' comfort and quality of life." By contrast the PNA calls for

developments comes in at \$216 million or \$227,000 per unit. • At two Bronx developments picked two weeks ago for PACT, Moore Houses and E. 152nd Street, NYCHA is still relying on the original PNA estimate calling for \$246 million in upgrades for 684 units, or \$359,000 per unit. But they expect that will change. "We are still using NYCHA's PNA to estimate what the repairs will cost at the two developments," NYCHA spokesperson Michael Horgan said in response to

THE CITY's questions. "This will be updated after the partner team has

completed investigations and inspections across the developments, and we will

NYCHA management and Mayor Adams cite the \$78 billion PNA estimate when

lobbying Congress for more federal funds and when lobbying tenants to support

support for another new plan to generate funds called the Preservation Trust, a

placing developments into RAD/PACT. They're now using it to win tenant

bonds via a non-profit trust set up by the authority and City Hall. The catch is that tenants must approve the use of the trust at their individual developments. The citation of the \$78.3 billion dollar figure occurred most recently at an announcement last month naming Nostrand Houses in Sheepshead Bay,

approval from Albany last year for the Preservation Trust. At the time they said they intended to use the trust to raise \$3.4 billion to fix up 25,000 units.

\$606,873,755 in upgrades, or \$528,635 per unit.

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BY GREG B. SMITH

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That figure is a far cry from what NYCHA originally estimated when first seeking That comes to an average of \$136,000 per unit, according to a report by the city **Get THE CITY Scoop** Sign up and get the latest stories from THE CITY delivered to your inbox each morning Email (required) By submitting your email, you agree to our Terms and Privacy Notice. You can opt out at any time. This site is protected by reCAPTCHA and the Google Privacy Policy and Terms of Service apply.

program approved by Albany last year. Under the trust, NYCHA says they'll be able to raise billions of dollars by floating Brooklyn, as the trust's first test case. Facing reporters in an unshaded Nostrand playground, Mayor Adams stated that NYCHA "buildings require \$80 billion in repairs. You have billions of dollars — billions, not millions — billions of dollars of repairs that are needed." If Nostrand tenants sign up to participate in the trust, NYCHA management said they plan to raise \$600 million to upgrade the development's 1,148 units. That estimate came straight from the PNA, which calculated the development needs

Independent Budget Office, which monitors municipal spending.

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MANHATTAN NEWS

BY CHRIS GELARDI, NEW YORK FOCUS

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