

# THE BOND BUYER

## De Blasio announces P3 deal to fix public housing units

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Mayor Bill de Blasio announced a \$400 million commitment from the New York City Housing Authority to renovate nearly 2,400 apartments across 21 public housing developments in Brooklyn and Manhattan through a public-private partnership.

The city is making the move through the U.S. Department of Housing and Urban Development's Rental Assistance Demonstration program, which converts apartments' funding to the Section 8 program. These homes will be permanently affordable and private property managers will maintain them.

NYCHA will begin selecting development teams for the construction and management work this fall, with renovations on the first buildings beginning in 2019.

The city two weeks ago signed a consent decree with federal prosecutors under which it committed to spending at least \$2 billion over five years. Prosecutors had been investigating widespread problems at NYCHA and its facilities.

The authority also announced new private management and construction teams to oversee more than \$80 million in renovations for 700 NYCHA apartments with 1,000 residents at Baychester and Murphy Houses in the Bronx. These developments have had no consistent funding stream since the state government divested them in 1998.

Using a program similar to RAD, they are also being converted to NYCHA's Section 8 program to raise funds, complete badly needed repairs, and efficiently oversee day-to-day operations. The renovations on these units will begin this fall.

"This is not privatization in the sense of selling off land or losing public ownership or losing public control in any way, shape or form. I want to be very, very clear

about that,” de Blasio told reporters Monday at the Campos Plaza I development on Manhattan's Lower East Side.

“This model allows federal financing to come in, and that allows these private sector colleagues to then be able to work with that. Public control is maintained.”

RAD is a federal tool that enables public housing authorities to permanently preserve public housing developments as affordable homes and make necessary repairs.

Gov. Andrew Cuomo in March enabled the city to use design-build procurements on a limited basis, which includes repairs to NYCHA units.

The state itself and some cities already use design-build, a simplified procurement that combines bidding for the design and construction into one contract that a single entity manages. The Mario Cuomo (nee Tappan Zee) and Kosciuszko bridges are examples of such state execution.

According to the Design-Build Institute of America, all states now permit such use for public projects. Design-build is now the delivery method of choice in nearly 40% of non-residential projects nationwide.