



U.S. Department of Justice

United States Attorney
Southern District of New York

86 Chambers Street
New York, New York 10007

February 8, 2023

By E-mail

Lisa Bova-Hiatt
Interim Chief Executive Officer
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Bart Schwartz
NYCHA Monitor
260 Madison Ave., 3rd Floor
New York, New York 10016

Re: *Concurrence in Organizational Plan Provisions, dated January 26, 2023,
Regarding Chair Role*

Dear Ms. Bova-Hiatt and Mr. Schwartz:

We are writing to advise you that, pursuant to Paragraphs 47 and 51 of the Agreement between U.S. Department of Housing and Urban Development (“HUD”), the New York City Housing Authority (“NYCHA”) and the City of New York, dated January 31, 2019 (“Agreement”), HUD and the United States Attorney’s Office for the Southern District of New York (“SDNY”) concur in the attached January 26, 2023 Organizational Plan memorandum related to the role of the NYCHA chair (the “Chair Memorandum”).

As you are aware, the Agreement provides for NYCHA to adopt an Organizational Plan “setting forth changes to NYCHA’s management, organizational, and workforce structure (including work rules), and overarching policies necessary or appropriate to achieve sustained compliance with NYCHA’s obligations under [the] Agreement.” Agreement ¶ 46. The Agreement further provides that “[t]he Organizational Plan may include . . . changes to the roles, responsibilities, authorities, and reporting lines of NYCHA’s Chair” *Id.* The Agreement itself is an “arrangement” within the meaning of 42 U.S.C. § 1437d(j)(3)(A)(v), and as such the Organizational Plan controls “[n]otwithstanding any other provision of law,” *id.* at § 1437d(j)(3)(A).

After concurrence by HUD and SDNY, the Organizational Plan is “final,” Agreement ¶ 47, and “NYCHA shall promptly adopt it as its official policy, procedure and course of action and shall use best efforts to implement it,” *id.* The same process applies to the modification of a previously approved Organizational Plan. *Id.* ¶ 51.

We understand that NYCHA’s current expectation is to satisfy the Organizational Plan requirement through the issuance of four separate but interrelated documents: The Transformation

Plan, which went into effect in March 2021; the Phase 1 Implementation Plan, which went into effect in February 2022; the Chair Memorandum, which we approve today; and a forthcoming Phase 2 Implementation Plan. Additionally, the Monitor, NYCHA, HUD, and SDNY are discussing, and intend to continue to discuss, additional changes as needed to NYCHA's governance structure that will enable sustained compliance with NYCHA's obligations under this Agreement by ensuring effective and efficient governance. These discussions (among other things) may lead to modifications of the Organizational Plan, including the Chair Memorandum.

HUD and SDNY view the changes approved today as an important step in the process of ensuring that NYCHA's governance provisions enable it to provide housing that is "decent, safe, sanitary, and in good repair," as required by HUD regulations. We thank you and your staffs for their efforts.

As requested in the Chair Memorandum, our approval today will go into effect on **February 12, 2023**.

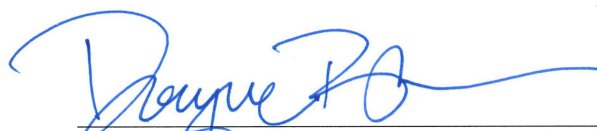
Very truly yours,

DAMIAN WILLIAMS
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by:



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DOMINIQUE BLOM
General Deputy Assistant Secretary
for Public and Indian Housing
U.S. Department of Housing & Urban
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Enclosure (Chair Memorandum)



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LISA BOVA-HIATT
Interim Chief Executive Officer

January 26, 2023

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Re: NYCHA Organizational Plan Provisions Regarding Board Chair

I. The New York City Housing Authority's Organizational Plan and Role of the Chair

Paragraph 46 of the 2019 agreement (the "Agreement") signed by the New York City Housing Authority ("NYCHA"), the City of New York (the "City"), the U.S. Department of Housing and Urban Development ("HUD") and the U.S. Attorney's Office for the Southern District of New York ("SDNY") required NYCHA, in collaboration with the Federal Monitor, to "prepare an 'Organizational Plan'" that, among other things, "[sets] forth changes to NYCHA's management, organizational, and workforce structure... necessary or appropriate to achieve sustained compliance with NYCHA's obligations under this Agreement." The Agreement also states that "[t]he Organizational Plan may include...changes to the roles, responsibilities, authorities, and reporting lines of NYCHA's Chair...."

In response to the Organizational Plan requirement set forth in Paragraph 46 of the Agreement, NYCHA produced a Transformation Plan, issued in March 2021, which detailed a broad vision for the organization and included over 40 individual structural and process changes. Several of those changes began prior to the Transformation Plan's release and several more remain in progress as of the date of this memorandum.

The Transformation Plan was followed by an Implementation Plan in February 2022, which detailed specific steps the agency was taking—or would take—to implement its largest operational changes, including the Neighborhood Model, Work Order Reform, and Janitorial Reform. A second Implementation Plan is expected in 2023.

Together, the Transformation Plan, the two Implementation Plans, and this memorandum comprise the Organizational Plan required by Paragraphs 46 and 47 of the Agreement. We do not envision that there will be additional components to the Organizational Plan prior to concurrence in this memorandum and the second Implementation Plan. If appropriate, modifications to the Organizational Plan after its approval, including additional modifications related to effective governance by NYCHA's board, may be implemented pursuant to Paragraph 51 of the Agreement.

Chapter 4 of the Transformation Plan proposed changes to the agency's organizational structure and several potential changes to the Chair position, including a split of the previously combined Chair and Chief Executive Officer role. NYCHA has since codified the division in roles and responsibilities between the Chair and the CEO within Sections 1.05 and 1.07 of the agency's bylaws adopted June 15, 2022.

Section 1.05 of the NYCHA bylaws, as revised, describes the Chair's duties as follows:

- (1) Preside at all meetings of the members of the Authority;*
- (2) Direct the focus of the members' work with respect to such matters, including, but not limited to, developing a strategic vision and mission of the Authority, setting priorities, determining agendas for meetings, and overseeing the same for Committees as per Section 1.04*
- (3) On behalf of the members oversee the Chief Executive Officer in the effective and ethical management of the Authority;*
- (4) Be responsible for ensuring training and development opportunities for the members of the Authority to enhance their participation and impact and also be responsible for assisting in outreach and recruitment for new members of the Authority upon vacancy; and*
- (5) Have such additional powers and duties as may from time to time be conferred or imposed by these By-laws or by the resolutions of the Authority.*

The Monitor, NYCHA, HUD, and SDNY are discussing, and intend to continue to discuss following the approval of this memo, additional changes as needed to NYCHA's governance structure that will enable sustained compliance with NYCHA's obligations under this Agreement by ensuring effective and efficient governance.

The Transformation Plan also raised the possibility of changing the Chair position from a full-time, salaried role to a part-time, non-salaried role, but did not resolve the issue. In light of the separation of the Chair and CEO positions, and in order to achieve sustained compliance with NYCHA's obligations under this Agreement by ensuring an effective and efficient governance structure for NYCHA, it is necessary and appropriate at this time to convert the Chair position to a part time, stipend-paid position. This change is intended to be subject to further modification, as appropriate, if warranted by additional governance reforms that further modify the Chair's functions or board practices and procedures. Accordingly, in furtherance of the Agreement's requirements—and notwithstanding any other State law to the contrary—upon concurrence by HUD and SDNY in this memorandum pursuant to Paragraph 51 of the Agreement, the following changes to the role of the Chair will be effective, with such changes to continue in effect until subsequent modification under the Agreement or termination of the Agreement.¹

II. Specific Changes to the Chair Role

Upon concurrence from HUD and SDNY, until subsequent modification under the Agreement or termination of the Agreement (subject to Paragraph 51), the role of the NYCHA Chair shall be (A) a part-time, (B) stipend-paid position that (C) permits outside employment.

A. Part-time basis

With the current division of responsibilities between the Chair and CEO detailed in the agency's

¹ Subsequent to termination of the Agreement, applicable provisions of State law will control.

bylaws, and absent special projects or circumstances, the Chair will not typically require a full-time workload of 35 or more hours a week. Accordingly, a part-time position is appropriate. Having a part-time Chair also aligns with the approach at most other public housing agencies.

B. Stipend-paid

With the shift to part-time responsibilities, the Chair position should not draw a full-time salary. Rather, the Chair should receive the same compensation received by the remaining board members. Pursuant to state law, each member of the board receives a stipend of \$250 for every four hours worked, at a cap of \$1,500 a month per Section 402 of the New York Public Housing Law.

C. Allows for outside employment

With no salary and only a limited stipend, the Chair should be permitted to seek and maintain full time employment outside the agency, as other board members are currently permitted, subject to applicable conflict of interest requirements and restrictions imposed through agency policies and the City's conflict law provided in Chapter 68 of the City Charter. This approach tracks the approach taken at most public housing agencies, where part-time, unpaid board Chairs may maintain outside employment. Permitting outside employment also ensures an appropriate pool of candidates for a part-time, stipend-paid position.

NYCHA and the Federal Monitor believe these structural changes are necessary to achieve the promise and vision outlined by the Transformation Plan and the organizational goals of the Agreement. Additional potential governance changes will be considered and may be adopted through a subsequent Paragraph 51 modification as warranted.

NYCHA, with the agreement of the Monitor, submits this memorandum for concurrence by HUD and SDNY pursuant to Paragraph 51 of the Agreement and requests an effective date for these changes of February 12, 2023.



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cc: Bart Schwartz - Federal Monitor - Guidepost Solutions
Jessica Katz - Chief Housing Officer - New York City, City Hall
Ashley Iodice - Chief of Staff - New York City Law Department