

THE CITY OF NEW YORK
THE MAYOR'S OFFICE OF OPERATIONS,
NYC DEPARTMENT of HOUSING PRESERVATION & DEVELOPMENT
NOTICE of a COMMENT PERIOD on the
Conflict of Interest Public Disclosure

TO ALL INTERESTED AGENCIES, COMMUNITY BOARDS, GROUPS, AND PERSONS:

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (P.L. 117-2) ("ARP") into law. ARP provided, under section 3205 for the HOME Investment Partnerships Program (HOME), for homelessness assistance and supportive services to address the continued impact of the COVID-19 pandemic on the economy, public health, State and local governments, individuals, and businesses. Congress appropriated \$5 billion, which was allocated to participating jurisdictions using the HOME allocation formula. In Federal Fiscal Year 2021, HUD awarded the City of New York the amount of \$269,831,517 in HOME-ARP funds for proposed activities through September 30, 2030.

In order to receive the allocated funds, the City is required to develop and submit to HUD a HOME-ARP Allocation Plan, which describes how the HOME-ARP funds would be used for eligible activities.

As part of the City of New York's Allocation Plan to receive its allocation of HOME-ARP funds, the City proposes that the New York City Housing Authority (NYCHA) as a subrecipient will use a portion of the City's roughly \$270 million allocation to administer financial assistance, specifically supportive services through the payment of rental arrears, to individuals or families occupying public housing owned by NYCHA. The U.S. Department of Housing and Urban Development (HUD) has identified that such proposed use of funds poses an organizational conflict of interest under Section VII.H.2 of the HOME-ARP Notice, which specifies that a subrecipient may not administer financial assistance, including rental payments, with respect to individuals or families occupying housing owned by the subrecipient, nor may it condition supportive services on an individual's or family's occupancy of a housing unit owned by the subrecipient. See CPD-21-10: *Requirements for the Use of Funds in the HOME-American Rescue Plan Program*, issued September 13, 2021 (the "HOME-ARP Notice"), Section VII.H.2.

HUD guidance provides that Public Housing Authorities ("PHAs") may not forgive or reduce rental arrears with public housing operating or capital funds, which by regulation are not calculated to make up for arrears or shortfalls in rent. HUD instead encourages PHAs to partner with localities and other partners to aid families in need of assistance. In keeping with such guidance, NYCHA and the City have sought HOME-ARP assistance in order to provide rental arrears relief to eligible families. The payments administered by NYCHA under HOME-ARP will reduce families' past due rent by the amount of the payment, and will therefore provide needed relief to NYCHA's families in arrears. However, any such assistance to reduce families' past due rent will also be funds that NYCHA directs to itself because NYCHA is the housing provider to whom such past rent is due. Because this provision of HOME-ARP assistance involves NYCHA administering payments to itself to reduce the amounts due from NYCHA's public housing tenants, HUD has identified that it is the type of assistance that is prohibited under Section VII.H.2, absent an exception granted by HUD.

Pursuant to the HOME-ARP Notice, a HOME-ARP participating jurisdiction may request from HUD an exception to an organizational conflict of interest, provided that the jurisdiction provides, among other things, written disclosure of the nature of the conflict. See HOME-ARP Notice, Section VII.H.4. The City intends to make such a request for an exception to HUD, and pursuant to that request is making this public disclosure.

The public is invited to comment upon the potential conflict of interest posed by NYCHA administering supportive services through the payment of rental arrears to individuals or families occupying public housing owned by NYCHA. Persons wishing to respond are asked to submit their written comments to the Department of Housing Preservation and Development HOME ARP Team at homearp@hpd.nyc.gov.

The **5-business day** Public Comment Period on the Conflict of Interest Public Disclosure is scheduled from **November 3rd, 2023 – November 9th, 2023**.

To learn more about NYC Department of Housing Preservation and Development please visit us at <http://www.nyc.gov/hpd>.

The City of New York: Eric Adams, Mayor
Dan Steinberg, Director, Mayor's Office of Operations
Adolfo Carrión, Commissioner, NYC Department of Housing Preservation and Development

Date: November 2nd, 2023