

**TESTIMONY BY GENERAL MANAGER DOUGLAS APPLE
CITY COUNCIL BUDGET HEARING, PART II
SUB-COMMITTEE ON PUBLIC HOUSING
DECEMBER 8, 2008; 10:00AM
COMMITTEE ROOM, CITY HALL**

CHAIR MENDEZ, AND MEMBERS OF THE CITY COUNCIL — GOOD MORNING. I AM DOUGLAS APPLE, GENERAL MANAGER OF THE NEW YORK CITY HOUSING AUTHORITY (NYCHA). JOINING ME TODAY IS NYCHA'S DEPUTY GENERAL MANAGER FOR COMMUNITY OPERATIONS HUGH SPENCE, AND REPRESENTING THE ADMINISTRATION IS P.V. ANANTHARAM FROM THE OFFICE OF MANAGEMENT AND BUDGET. WE ARE HERE TO FOLLOW UP ON THE BUDGET TESTIMONY DELIVERED BY NYCHA CHAIRMAN TINO HERNANDEZ ON NOVEMBER 21ST. I WOULD LIKE TO FIRST PROVIDE A BRIEF SUMMARY OF LAST MONTH'S TESTIMONY.

NYCHA'S CURRENT FY2008 BUDGET

IN JANUARY 2008 THE NYCHA BOARD ADOPTED AN FY2008 PRELIMINARY BUDGET OF \$2.8 BILLION, REFLECTING A \$195 MILLION GAP. EARLY THIS YEAR WE TOOK A SERIES OF ACTIONS THAT REDUCED THE GAP TO \$170 MILLION. NYCHA IS DEVELOPING A SPECIFIC STRATEGY TO CLOSE THE REMAINING DEFICIT BY THE END OF THE YEAR, WHICH WILL LIKELY CONSIST OF TRANSFERS OF CAPITAL FUNDS, POSSIBLE ADDITIONAL FEDERAL AID AND COST RE-ESTIMATES.

NYCHA HAS BEEN CREATIVE IN IDENTIFYING NEW REVENUE SOURCES UNDER OUR *PLAN TO PRESERVE PUBLIC HOUSING (PPPH)*, AND THE ACTIONS TAKEN BY THE NYCHA BOARD HAVE REDUCED OUR PROJECTED FUTURE BUDGET DEFICITS. WE ARE PLEASED WITH OUR SUCCESSES. HOWEVER, FEDERAL UNDERFUNDING PERSISTS, CREATING STRUCTURAL BUDGET GAPS IN THE OUTYEARS THAT WE MUST CLOSE.

PRELIMINARY FY2009 BUDGET PICTURE

AS IT STANDS NOW, OUR FY2009 BUDGET INCLUDES AN ESTIMATED GAP OF \$150 MILLION. IN ADDITION TO FEDERAL UNDERFUNDING, ANOTHER MAIN DRIVER OF THIS GAP IS THE SKYROCKETING COST OF NON-DISCRETIONARY EMPLOYEE BENEFITS. WE MUST FIND WAYS TO FUND THESE COSTS OVER THE COMING YEARS.

NYCHA'S COMMUNITY-BASED PROGRAMS

IN ADDITION TO REDUCED FEDERAL FUNDING ANOTHER KEY FACTOR IN NYCHA'S BUDGET IS THAT HUD'S FUNDING FORMULA HAS BECOME MORE RESTRICTIVE AND NO LONGER RECOGNIZES COMMUNITY-BASED SERVICE COSTS. THE RESULTS ARE SOME TOUGH SHORT TERM DECISIONS.

BY THE END OF JANUARY 2009 NYCHA WILL IMPLEMENT A STAFF REDUCTION OF 200 POSITIONS, PHASE OUT 18 COMMUNITY CENTERS AND NO LONGER FUND GRANTS TO ORGANIZATIONS FOR COMMUNITY-BASED SERVICES. THIS WILL RESULT IN SAVINGS OF APPROXIMATELY \$20 MILLION, WHICH WILL BE REFLECTED IN OUR FY09 BUDGET.

HOWEVER, IN OUR ENDEAVOR TO DEAL RESPONSIBLY WITH THESE CHALLENGES, UNDER MAYOR BLOOMBERG'S LEADERSHIP, A PLAN IS BEING DEVELOPED TO ENABLE NYCHA RESIDENTS TO ACCESS SERVICES WHICH NYCHA NO LONGER HAS THE FUNDS TO SUPPORT.

PARTNERING WITH CITY AGENCIES

NYCHA WILL TRANSITION ITS DIRECTLY OPERATED YOUTH, PREVENTION AND EMPLOYMENT PROGRAMS TO SEVERAL CITY AGENCIES INCLUDING ACS, DYCD AND HRA THAT HAVE THE EXPERTISE AND CURRENTLY PROVIDE THESE SERVICES.

THIS WILL ENABLE NYCHA TO REDUCE ITS BUDGET DEFICIT BY UP TO \$50 MILLION BY 2011 AND TO DEDICATE OUR LIMITED RESOURCES TO OUR CORE MISSION OF PRESERVING AND MAINTAINING PUBLIC HOUSING.

NYCHA WILL CONTINUE TO OPERATE OUR 43 DIRECTLY RUN SENIOR PROGRAMS. NYCHA WILL ALSO MAINTAIN OUR CASE MANAGEMENT SERVICES, WHICH PROVIDE CRISIS INTERVENTION SERVICES TO RESIDENTS.

CONCLUSION

LET ME THANK THE CITY COUNCIL FOR THE SUPPORT YOU HAVE PROVIDED NYCHA. NYCHA CONTINUES TO URGE ALL LEVELS OF GOVERNMENT TO SUPPORT PUBLIC HOUSING SO THAT NEW YORKERS IN NEED WILL CONTINUE TO LIVE IN DECENT AND AFFORDABLE HOMES.

WITH A NEW FEDERAL ADMINISTRATION WE HAVE A FRESH OPPORTUNITY TO ADVOCATE FOR PUBLIC HOUSING. NYCHA WILL DO EVERYTHING IN ITS POWER TO CALL FOR FULL FUNDING AND PRESS FOR A PROACTIVE URBAN AGENDA.

IN ADDITION, AS CHAIRMAN HERNANDEZ MENTIONED IN HIS NOVEMBER TESTIMONY, HE RECENTLY WROTE TO HOUSE SPEAKER NANCY PELOSI, TO SENATE MAJORITY LEADER HARRY REID, AND TO OTHER CONGRESSIONAL LEADERS URGING INCLUSION OF \$5 BILLION FOR THE PUBLIC HOUSING CAPITAL FUND AS PART OF THE SECOND ECONOMIC STIMULUS PACKAGE THAT IS BEING CONSIDERED BY CONGRESS.

NYCHA URGES THE CITY COUNCIL TO DO ALL IT CAN TO SUPPORT THIS REQUEST FOR MUCH NEEDED CAPITAL FUNDS AND TO TAKE ACTION IN ADVOCATING FOR FULL FUNDING IN FEDERAL FISCAL YEAR 2009 FOR THE PUBLIC HOUSING OPERATING AND CAPITAL FUNDS.

LET ME END HERE. WE ARE GLAD TO ANSWER ANY QUESTIONS YOU MAY HAVE. THANK YOU.

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

Name: LUTHER STURBLEFIELD (PLEASE PRINT)

Address: 595 F.D.R. Drive #2B

I represent: Baruch Houses

Address: V. Pres. T.A.

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

Name: USA BARRIS (PLEASE PRINT)

Address: _____

I represent: PTILES / COLESS

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: Dec 8-08

Name: Joseph Garber (PLEASE PRINT)

Address: _____

I represent: Resident

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: 12/8

(PLEASE PRINT)

Name: P V ANANTHARAM

Address: _____

I represent: NYC OMB

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Felix Lam

Address: _____

I represent: NYCHA

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: Dec 8th

(PLEASE PRINT)

Name: Shannon Barber

Address: _____

I represent: _____

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Hugh Spence

Address: _____

I represent: NYCHA

Address: _____

◆ Please complete this card and return to the Sergeant-at-Arms ◆

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Douglas Apple

Address: _____

I represent: NYCHA

Address: _____

◆ Please complete this card and return to the Sergeant-at-Arms ◆