Section 8 Voucher Crisis
Hearing II
February 23, 2010
1:00 pm
Voices of Women Organizing Project (VOW)

Good afternoon. Thank you for the opportunity to testify today. My name is Theresa McIntosh and I am Co-Chair of the Voices of Women Organizing Project's (VOW) Housing Justice Campaign. VOW is an organization made-up of survivors of domestic violence who organize to improve the systems and services that victims of domestic violence turn to for safety, justice and assistance.

We call upon NYCHA to come to a solution to the nearly 3,000 Section 8 Vouchers pulled, of which a large percentage of the vouchers pulled were for survivors of domestic violence. We also want them to ensure their commitment to working on behalf of, and not against, survivors of domestic violence who are already in high-risk of danger by escaping abuse.

The families who lost their vouchers face certain homelessness: without Section 8 assistance or a public housing unit option, most will return to the shelter system and in the case of domestic violence survivors, it can also mean returning to their abuser. We recommend the funding for this much needed housing come from federal stimulus funding such as those given to the Department of Homeless Services.

If Public Housing is a viable solution, it is important to draw your attention to the fact that the Public Housing system as it stands now does not include housing choice. For survivors of dv, it is important that they are able to choose their housing location to ensure safety from their abuser. As long as the appropriate procedures and processes are put in place to ensure that survivors who need housing choice options are given them, we will support this solution. We also recommend that this process is swift so that dv survivors can have housing quickly.

The ability to access permanent and affordable housing options when leaving an abusive relationship is crucial for both short-term safety and long-term stability in a survivor's life. If women who are exiting emergency shelter without permanent housing options are vulnerable to homelessness and exploitation yet again, many will return to their abuser if sleeping in the streets or losing custody of their children is the only alternative.

For survivors with children, the stakes of homelessness become even higher, making it difficult to provide for their family. A mother's sound mind and body is pivotal to the development of her children. Children are going to be subjected to further danger and instability and lose vital family or community ties in the process.

It is unfortunate that the arbitrary decisions that have been made about Section 8 Vouchers resonates in particular with survivors of domestic violence who thought they were leaving coercive power and manipulation behind, only to see it replicated in the form of broken promises.

We appreciate the Council reviewing this critical issue and look forward to being a part of discussions about solutions to this crisis in the near future.

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February 23, 2010
Testimony before the City Council's Committees on General Welfare, Housing and Buildings and Public Housing/NYCHA

"The Recent Loss of Section 8 Vouchers and the Future of Section 8 in New York City: Part II"

The Coalition of Domestic Violence Residential Service Providers

Good afternoon, thank you for the opportunity to testify. My name is Catherine Trapani and I am the Vice-Chair of the New York City Coalition of Domestic Violence Residential Providers' Housing Committee. The Coalition represents the 20 nonprofit organizations serving survivors of domestic violence in residential programs throughout New York City.

The Council is aware of how devastating the loss of nearly 3,000 Section 8 vouchers has been. Members of our Coalition testified a few weeks ago at the first part of this hearing to the need for a quick resolution for all affected voucher holders, particularly the domestic violence victims whose very lives depend on securing a safe, permanent home. One Councilmember specifically asked for recommendations on how best to serve the nearly 500 victims of domestic violence who lost their Section 8 vouchers in the midst of this crisis and I would like to take a few moments to elaborate on our answer.

In many cases, victims of domestic violence who apply for Section 8 assistance have also applied for Public Housing and would happily accept a Public Housing unit if one was made available to them. With this in mind, as a remedy to this crisis, those victims who lost their Section 8 vouchers should be given first priority for any appropriate, vacant public housing unit that becomes available.

It is important to note however, that this remedy will not work for all affected victims. One of the most important aspects of the Section 8 program (after long-term affordability) is housing choice. Section 8 voucher holders have the freedom to lease apartments anywhere they wish. Victims of domestic violence who need to relocate to be safe from their abusers must have the freedom to move to areas that are in a safe location, i.e. far enough away for where the abuse took place or where the abuser's family or allies live and frequent such that the family is safe to move there. Such flexibility is not possible with Public Housing units so, if the majority of vacant Public Housing units are concentrated in a particular neighborhood, and that neighborhood is unsafe for the victim, then an alternative more flexible remedy must be identified. This way, the victim is not forced to continue to wait indefinitely for an apartment offer.

In addition to safety issues limiting the viability of using Public Housing as an alternative to Section 8, there are other "sub-populations" within the domestic violence community that would not be able to use a Public Housing apartment as a viable alternative to a Section 8 voucher. Specifically, persons with disabilities who need accessible apartments need to have the freedom to seek housing on the private market since new construction is most likely to have the features they need for independent living. While NYCHA does have some Public Housing units that are accessible, it is incredibly difficult to link disabled persons to such units; the waiting lists are extremely long and disabled victims of domestic violence cannot afford to wait for a unit as their lives hang in the balance. Additionally, members of religious minorities who need to be close to places of worship to practice their religion in accordance with their faith must also have the freedom to choose the neighborhood in which they live.

For these types of "special" cases, a voucher similar to Section 8 (one that has equal payment standards set according to fair market rents as determined by HUD) is necessary. Such a voucher could be funded using HPRP funding from the federal stimulus package or using a combination of City and State funding until Section 8 vouchers are again available.

The Coalition appreciates all of the work the Council has done on this issue and looks forward to continuing to work towards a solution to this terrible crisis together. I thank you for the opportunity to testify and welcome any questions you may have.

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Testimony of Housing Preservation and Development before the joint New York City Council's Committees on General Welfare, Housing & Buildings and Public Housing
Tuesday, February 23, 2010 at 1pm.

Good afternoon, Chairpersons Mendez, Dilan and Palma and members of the Public Housing, Housing & Buildings and General Welfare Committees. I am Rafael E. Cestero Commissioner at the Department of Housing, Preservation and Development (HPD). I am pleased to be sitting here next to my colleagues, Chairman Rhea from the New York City Housing Authority (NYCHA) and Commissioner Hess from the Department of Homeless Services (DHS). I would like to explain HPD's Section 8 program and our current capacity requirements.

HPD, with its partners in City, State, and Federal government, is responsible for affordable housing development, preservation, and maintaining housing quality through Code enforcement. Yesterday, I was proud to stand with Mayor Bloomberg as he announced our revised New Housing Marketplace plan. The plan renewed our commitment to the creation and preservation of 165,000 affordable units by 2014. We are nearing the 100,000 mark and are confident in our ability to meet this ambitious goal, even during a time when cities throughout the country have curtailed or stopped their programs. Our increased commitment to preservation is a key component of our plan to stabilize neighborhoods and families, and our Section 8 program is, in turn, a key tool in ensuring affordability for the most needy New Yorkers.

With an allocation of 29,162 housing choice vouchers, HPD's Section 8 program is the fourth largest in the nation, and slightly less than one third the size of NYCHA's. In addition to our tenant-based housing choice vouchers, we also administer close to 4,000 units of project-based subsidy, largely for special needs populations. Like NYCHA, our program has grown over the years, and both agencies are now serving more needy New Yorkers than ever before. Through a combination of aggressive outreach efforts to homeless and special needs populations and a series of housing conversion actions which preserved affordability for thousands of New Yorkers in apartments opting out of affordability programs such as Mitchell Lama, HPD now serves 15% more families—almost 4,400—than we did four years ago). We have also made strides in reforming our program to make it more user friendly and accessible to both tenants and landlords.

The Section 8 budget is allocated on the basis of leasing and cost data from the prior year. Simply put, the better job an agency does in placing its voucher allocation into the hands of tenants, the better prospects it has for renewal funding. This provides an incentive for agencies to utilize as many of its vouchers as possible. To do so involves a complicated analysis of lease-up success rates and trends in attrition. And, of course, the risk of skating close to the edge is that unpredictable changes to those trends could force an agency above its voucher allocation, budget, or both.

In May 2009, HPD received $261 million in Section 8 renewal funding. Like NYCHA, our funding was offset by a portion of our reserves—in HPD's case, the cut was $10M. Due to increased costs and leasing already in motion, we were concerned that our funding would be insufficient, and we we were right—by the end of 2009, we had used an additional $11.5 M in reserves to cover our commitments. This loss was mitigated, however, by three important factors. **One**, HPD got an infusion of close to $19M for enhanced voucher conversions; **secondly**, HPD was successful in applying for nearly $6M in additional funding from HUD, and **third**, HPD did not experience similar drops in our program attrition rate. In sum, while we did make the decision to curtail issuance of *new* vouchers in the latter half of 2009, we were fortunate to make our way through a tough budget year without having to pull back vouchers or terminate assistance to participating families.

I would like to mention perhaps a fourth factor by clarifying some important distinctions between HPD and NYCHA's policies and missions. While HPD and NYCHA consider one another "sister" agencies, and have collaborated closely over the years, helping each other in times of need in the City's greater interest, HPD's voucher program was created with a series of "preference categories" designed to support the City's housing preservation and development efforts. Whereas NYCHA accepts applications from the general public, HPD uses intermediaries from City programs, such as HPD, DHS or

HRA to receive applications and issues Section 8 vouchers to support programs which renovate or construct buildings receiving grants, loans or tax credits from HPD, as part of the Mayor's New Housing Marketplace Plan. This generally means that applicants to HPD's program are either designated for homeless set-aside or special needs units in new HPD buildings, or in-place tenants in buildings that HPD is working with to preserve affordability. The majority of people who received a new voucher in 2009 and 2010 were homeless and/or special needs.

To close, in 2009, record leasing rates brought HPD to 99% capacity in terms of the federal voucher allocation which caps not only the amount of money we spend, but the number of families we spend it on. Specifically, we are subsidizing 28,817 families out of our 29,162 cap. This exceeds the HUD recommended standard of 95%-98% utilization. To increase utilization further would put HPD in a precarious position in terms of being able to honor vouchers issued. Consequently, we have very few new vouchers to issue, and very little flexibility in making changes to planned uses for our pipeline—we are optimally using both our available dollars and vouchers.

Looking ahead, in calendar year 2010, HPD is fortunate that our calculated efforts to stimulate and monitor our program growth have succeeded in bringing to the City an additional $55 million in federal funding. We expect to honor all of our voucher commitments by leasing approximately 2,000 families, primarily living in buildings in our housing development pipeline. And while it is true that the voucher cap has generally brought our program to the point of being attrition-based—where we can only add on as many participants as we lose each month—we are still serving more families than ever before. Further, we are using our vouchers to serve the neediest New Yorkers, primarily those with incomes at or below 30% AMI, or those who are homeless or require supportive housing.

There is no question that that the need for Section 8 far exceeds the supply in New York City, as is true in many places throughout the country where voucher programs have actually shrunk over the past year. However, the proposed 2011 budget shows some promise. Full renewal funding for Section 8 is proposed, in addition to proposals for 10,000 new vouchers for homeless families. The budget also proposes to lift the voucher cap, which would allow housing authorities to serve more families within the budget we are allocated. This crucial component, along with an array of cost-saving administrative efficiencies, is also proposed within the Section 8 Voucher Reform, or SEVRA. We will continue our lobbying efforts in Washington in support of SEVRA and the proposed 2011 HUD budget. We appreciate the Council's prior support in regard to SEVRA and would welcome the passage of a Council Resolution to present to Congress.

Thank you and I will be happy to answer your questions.

TESTIMONY FOR NYCHA CHAIRMAN JOHN B. RHEA

OVERSIGHT – THE RECENT LOSS OF SECTION 8 VOUCHERS AND THE FUTURE OF SECTION 8 IN NEW YORK CITY – PART II

CITY COUNCIL COMMITTEES ON HOUSING AND BUILDINGS, PUBLIC HOUSING AND GENERAL WELFARE

TUESDAY, FEBRUARY 23, 2010 – 1:00 PM
CITY HALL - CITY COUNCIL CHAMBERS

Chairman Erik Dilan, Chairwoman Rosie Mendez, Chairwoman Annabel Palma, distinguished members of their respective Committees, and distinguished members of the City Council —Good afternoon. I am John B. Rhea, the New York City Housing Authority's (NYCHA's) Chairman. I appreciate this opportunity to update you on the Section 8 Housing Program and on NYCHA's efforts to secure the Program's viability for our fellow New Yorkers.

For almost eight decades NYCHA has remained a force for real and lasting good for the people of New York. The Authority has been a foundation for hundreds of thousands of New York families, a bedrock for communities across our city, and a safe haven for New Yorkers who are most in need. For more than 75 years, our primary commitment has been to the families we serve, and under the leadership of Mayor Michael R. Bloomberg they will remain our focus.

SECTION 8 IS A FEDERALLY FUNDED AND REGULATED PROGRAM

Our enduring commitment to low income New Yorkers also makes NYCHA one of the three custodians of the City's federal Housing Choice Voucher Program, better known as Section 8. Section 8, only one of many tools to address the issue of affordable housing in our nation, is a housing assistance program, provided by the United States

Department of Housing and Urban Development (HUD), and dedicated to supporting subsidized housing for very low income families and individuals.

Section 8 seeks to tackle the housing crisis by addressing the gap between family incomes and housing costs. It sounds simple—family incomes either stay level or don't rise fast enough to maintain pace with rising rents, and the government steps in to help close the gap. But as I hope to make clear, determining both sides of the cost curve—for Washington and for local agencies—can be quite difficult.

First, there is a formula, part statutory from Congress and part regulatory from HUD, to determine the amount HUD awards each locality to provide voucher assistance, commonly referred to as the HAP subsidy. A separate formula, based mostly on the number of apartments in each program as well as certain other factors, is used to determine how much the housing authority will receive in administrative fees, or operating funds.

Each fiscal year, housing officials must perform a complicated analysis to predict how many apartments can be assisted by assessing the local apartment rents within the federal rent ceiling, the average tenant's rent share at 30 percent of the voucher holder's income, and the average subsidy payments to fill the gap between apartment rents and the tenant's rent share. Those average subsidy costs must then be matched against the funding appropriated by Congress for subsidy and operating funds, including funding to renew existing vouchers and funding to authorize any new vouchers.

After all of that, if any funds are left over at the end of the fiscal year, they are rolled over into the authority's reserves. But to calculate the level of funding, Congress and HUD may "offset" a housing authority's reserves accumulated from previous years—thereby reducing that year's funding by the offset amount and forcing the authority to use its reserve funds to close the gap between their Congressional allocation and the actual value of the housing vouchers managed in that year's portfolio.

Congress and HUD also impose a "cap"—a limit to the number of vouchers each authority may manage in a given year. And HUD imposes strict guidelines requiring that authorities maintain utilization rates at or above 95 percent of the cap. Failure to meet that benchmark can result in administrative penalties and a loss of funding for the next fiscal year. Overshooting the cap may force the housing authority to pay for vouchers that Congress has not funded and will result in the authority suspending the issuance of new vouchers.

In summary, Section 8 funding is based on multi-variable formulas, subject to changes in housing market forces and beneficiary's income, challenged by possible offsets and rescissions, and bounded by a federally imposed cap. Most importantly, the structure of Section 8 is dependent on fund availability, and fund availability changes from one year to the next with little advance warning.

PROGRAM PARTICIPATION

One of the benefits of Section 8 is its portability—the housing subsidy follows the family. But the housing authority and the federal government do not guarantee that the subsidy is permanent, nor do they provide any additional social or supportive housing services.

Housing authorities screen applicants for Section 8 eligibility; it enters into contracts with owners and approves leases for families to provide Section 8 assistance; it inspects apartments to make sure they meet HUD Housing Quality Standards; it annually re-inspects apartments; and it monitors the landlord's compliance for maintaining apartments consistent with those Housing Quality Standards.

Tenants must also undergo annual re-certification, which is based, in part, on availability of funds—activation of vouchers is dependent on the funds and vouchers available to the housing authority. Additionally, the value of each voucher may change as a response to any changes in the family's income.

Building owners are another important player in maintaining the viability of Section 8. Owners and landlords screen tenants and provide leases to voucher holders in exchange for housing assistance program payments. Owners agree to comply with all HUD and housing authority guidelines and to maintain the property to meet those specifications.

The net result is voucher program enrollees are able to find an apartment in the private market and have a portion of their rent paid by the federal government. They cannot be evicted for any failure of the housing authority to make timely payments to their landlord, and the housing authority becomes their advocate to ensure that the landlord continues to provide quality housing. In return, tenants are responsible for cooperating with the housing authority in the annual re-certification and apartment inspection processes, and for paying their share of the rent to the landlord.

THE ECONOMY

The economy also plays an important role in this equation. Budgets—whether family or government—are not made in a vacuum. Each year that we monitor the Section 8 Program, owners open their doors to new tenants, Program beneficiaries get a better job or a new opportunity and leave the Program voluntarily, the forces of our economy shift, re-align, and re-shape the landscape. Recently, those forces have been particularly powerful.

The destruction of the job market—city, state, and nationwide—the many downward pressures on incomes, and the surge in cost of living expenses have merged to create a massive economic shift to which families and government agencies are still struggling to respond. The Section 8 Program is no different.

And our current economic struggle, while magnified, is not entirely new. In January 2007, NYCHA began a major initiative, assisted by the City Council, to issue new Section 8 vouchers. The Program waiting list was opened to non-emergency applicants, for the first time since 1994, during February to May 2007. The number of applicants that we determined were eligible and were issued vouchers jumped from 5,774 in 2006 to 20,860 in 2007 (a 361 percent increase and NYCHA's highest number ever). The number of applicants who received vouchers remained at historically high levels for 2008—15,111—and 2009—11,022.

As more voucher holders had time to search for and locate apartments and with more building owners now willing to accept Section 8 tenants—in part due to the worsening economy and in part due to the prohibition on source-of-income discrimination in Local Law 10—enrollee rentals shot up from 3,997 in 2006 to 8,522 in 2007 (a 213 percent increase). It rose to 12,003 in 2008 (up another 41 percent); and then to 13,449 in 2009 (another 12 percent rise).

And as economic pressure mounted on families, fewer voluntarily left the Program. The attrition rate in 2006 and 2007 was between 8.2 and 8.5 percent, representing about 7,000 beneficiaries leaving the Section 8 Program.

In 2008, the number of families leaving the program dropped sharply to 6.1 percent, and again in 2009 to 4.1 percent. Today attrition stands at just above 3 percent.

With the number of new enrollees rising sharply, and the number of current enrollees leaving the program dropping sharply, our utilization rate began to balloon—87.4 percent at year's end for 2007, then 93.9 percent at the end of 2008; and 102.8 percent at the end of 2009.

Currently there are 101,895 beneficiaries enrolled in the NYCHA Section 8 Program. Earlier, I mentioned that there is a federally imposed cap and I talked about the risks of either failing to come close enough to the cap or going over it—not close enough and you can lose funding for the next year; go over, and you must close the gap with your own funds and take measures to come into compliance with the cap. The HUD voucher allocation cap for NYCHA is 99, 732—those 2,163 unfunded vouchers represent a budget deficit of at least $21 Million for the Authority.

I also stated that budgets are not made in vacuums. And recently federal budgets have been approved and disbursed on a more varied timetable. The federal fiscal year begins on October 1. But NYCHA, as well as housing authorities across the country, did not receive Section 8 subsidy and operating funds until months after the start of the new fiscal year. This fiscal year NYCHA only received its funds from Congress in mid February. Last fiscal year it was May—five months into the year.

Exacerbating the timing impact is the fact that Congress bases funding on the prior year's average program participation as measured through their fiscal year

(September – October), not NYCHA's calendar year. In a growing program such as ours, this mis-alignment equates to tens of millions of dollars.

And while our funding allocation from Congress changes year to year, it often fails to meet the full demand of the Program. Just last May, NYCHA projected that Congress would recapture $10 million in funds for our 2009 Section 8 Program, but the federal government recapture $58 Million — or almost six times more than anticipated for the Section 8 budget.

WHAT WE DID TO PRESERVE SECTION 8

Despite these challenges, NYCHA took several steps to preserve funding for those most in need. We immediately limited Section 8 voucher issuance to only those families referred by the Department of Homeless Services; to families who were victims of domestic violence; to families and youth referred by the Administration for Children's Services (ACS); and to individuals in the intimidated witness and witness protection program. Taking this step resulted in an immediate 70 percent reduction in the number of vouchers NYCHA issued.

We also accelerated our fraud detection efforts, bringing in an additional $3 million in savings and freeing up approximately 300 vouchers. As an added measure, we stopped extending housing searches beyond the standard 6-month time limit.

I would also like to give a sense of our efforts to close the Section 8 budget shortfall. On May 20, 2009, we requested additional funding from HUD and continued those requests on a monthly basis through December.

Our funding requests were denied. We alerted our Congressional delegation to the severity of the situation and our steps to that point to alleviate our appropriations shortfall. We also sent a letter to HUD requesting $16.5 million of additional funding in the form of Tenant Protection vouchers.

We continue to await a decision on our Tenant Protection funding request. Separately, Congress has not lifted the cap which governs the number of vouchers eligible for issuance, thereby preventing housing authorities from issuing more vouchers at this time.

In December, despite our best efforts, we had to make the difficult decision to stop processing new Section 8 applications, assisting new Section 8 voucher holders looking for apartments, scheduling inspections for apartments they had already found and approving apartment rentals. But we did not end program assistance to families already under lease, nor did we severely cut the number of voucher subsidies. More than 400 public housing authorities across the country did just that. And NYCHA plans to give first priority to voucher holders whose vouchers were cancelled if and when additional funding becomes available.

Although we are currently over our cap, NYCHA remains committed to supporting the 101, 895 recipients currently enrolled in the program, ultimately returning below our cap level through attrition. We will work with our partners at ACS, DHS, and HRA to aggressively identify alternative housing assistance and to insure that at-risk families have access to the information and resources they need to sustain rental assistance. We sent a letter to all Section 8 voucher holders whose vouchers have been cancelled to brief them about the situation. And we made sure that operators at the NYCHA Call Center are provided with the most up-to-date information so that they can promptly respond to individuals who have questions regarding Section 8.

CURRENT FUNDING STATUS

Currently, NYCHA's 2010 funding is insufficient to maintain full support for all 101, 895 recipients currently enrolled in the Program creating a shortfall of at least $ 21 million. NYCHA is working with city, state and federal officials to close this shortfall.

CONCLUSION

While I hope I have made clear our continued commitment to serving our fellow New Yorkers who are most in need of safe, affordable housing, I don't want to leave the Committees with the impression that we have solved the current Section 8 problem. There is a finite capacity to restart the Section 8 application process, and there is a finite capacity on how quickly we can begin moving New Yorkers who qualify for assistance into homes. When we look at our budget shortfall, at the nation's economic climate, and at the Authority's as yet unsuccessful efforts at securing new funding for the Section 8 program, it is clear that we need your help and your Committees' help so that we can develop long-term solutions to ensuring that the Section 8 program will be there for the New Yorkers who need it most.

We face a range of difficult choices, and I want to stress that our commitment to providing safe, affordable housing to the New Yorkers who depend on us is as strong as ever. Our task is as complex today as at any time in our history. We will not succeed if people view this effort as the responsibility of a single agency within our city. We owe it to the families who work hard everyday to make a life for themselves and their families in our great city to make this program work for them to help secure their futures. I look forward to working with you to ensure that we do.

Thank you.

TO: Committee on Housing and Buildings, New York City Council

FOR THE RECORD

FROM: Joan Meyler, Esq., Affordable Housing Advocate

RE: 2/23/20 Testimony, City Council Committee on Housing and Buildings jointly with the Committee on General Welfare and Committee on Public Housing Hearing on the Future of Section 8 in New York City

I would like to thank Chairpersons Dilan, Palma, and Mendez for this opportunity to speak on the future of Section 8 in New York City.

I will confine my remarks to one particular, easily-implemented way to husband whatever Section 8 resources become available. This is to place all Mitchell-Lama rentals that exit the subsidy program under rent stabilization. There are identical bills in both the State Assembly and Senate to accomplish this purpose, i.e., A09230 and S3326.

How, you ask, could passage of this legislation, preserve many millions of dollars in Section 8 subsidies in the future?

The case of Independence Plaza North ("IPN") illustrates what happens to the amount of Section 8 subsidies required when a Mitchell-Lama rental exits the Mitchell-Lama subsidy program without being subject to rent stabilization.

When the city permitted the landlord of IPN to pay back J-51 subsidies and raise the rents to market rate, instead of insisting on the J-51 requirement of rent stabilization, HUD—on this one building alone—had to pay approximately $50 million in Section 8 Subsidies in the five years from 2004 to 2009. Much of this Section 8 money would not have had to be paid if the City had not allowed the repayment of the J-51 money and IPN had become subject to rent stabilization according to the requirements of the J-51 program.

This is so because the Section 8 money would then only have had to subsidize the difference between the stabilized rent (for example, $1,000) and the tenant's ability to pay (for example, $400), resulting in a total Section 8 subsidy of $600 per month or $7,200 per year, rather than the difference between the market rent (for example, $4,000 a month) and the tenant's ability to pay (for example, $400) resulting in a total Section 8 subsidy of $3,600 per month or $43,200 per year. Using this example, requiring rent stabilization in former Mitchell-Lama rentals that exit the program could result in a savings in Section 8 subsidy money of $36,000 per year on just one apartment.

In the case of IPN, it should be no consolation that HUD sued the landlord in October 2009 to recover the bulk of the Section 8 subsidies which would not have had to have been paid if the subsidy had only been used to subsidize the difference between the rent stabilized rent and the tenant's contribution, rather than the market-rate rent and the tenant's contribution, because these Section 8 subsidies HUD is suing to recover are urgently needed right now for families in desperate need of Section 8 help.

We are now in a position of having run out of federal Section 8 funds to assist some of our most vulnerable residents in part because of the deregulation of formerly subsidized units. That is why support for A09230/S3326, the bill to place all Mitchell-Lama rentals that exit the Mitchell-Lama Program under rent stabilization regardless of when they were built or exited the program, is essential. If all former Mitchell-Lama rentals—whose tenants were only eligible for this housing because of their low or moderate income—were placed under rent stabilization, evictions of those who cannot pay market rate rents would be avoided and the hemorrhaging of Section 8 subsidies into the landlord's pockets to subsidize their market-rate charges would be eliminated.

I urge you to contact you colleagues in the State Assembly and Senate and urge them quickly to pass A09230 and S3326.

Senate Bill S3326-A and Assembly Bill A9230 (text below).

This state legislation would subject all Mitchell-Lama rentals that exit or already exited the M/L program to rent stabilization regardless of when they were built. If this legislation were passed, a great deal of federal Section 8 money could be saved because in post 1974 Mitchell-Lamas the Section 8 subsidy would only have to pay the difference between the rent stabilization rent and the tenants portion, rather than the difference between the market rate rent and the tenants payment.

The federal government is now suing landlord Larry Gluck for some of the $10 million a year HUD has been paying him since 2004 in Section 8 subsidies at IPN saying that if the project had been stabilized—as it ought to have been because of J-51 benefits—the federal government's subsidy would have been a small portion of the $50 million it has apparently paid to this landlord in HUD subsidies (See attached article). This waste of scarce Section 8 voucher money could be entirely avoided in Mitchell-Lama rentals exiting the program if S3326 and A9230 were passed.

Text - A09230

See Summary

S T A T E   O F   N E W   Y O R K

9230

2009-2010 Regular Sessions

I N   A S S E M B L Y

November 9, 2009

Introduced by M. of A. ROSENTHAL, PRETLOW, KAVANAGH, N. RIVERA, O'DONNELL, BENJAMIN, JEFFRIES, POWELL, MAYERSOHN, BENEDETTO -- Multi-Sponsored by -- M. of A.BING, BROOK-KRASNY, GLICK, MILLMAN, TITONE --read once and referred to the Committee on Housing

A09230 Summary:

BILL NO   A09230

SAME AS   Same as S 3326-A

PURPOSE OR GENERAL IDEA OF BILL: This bill protects those tenants who live in Mitchell-Lama and project-based Section B buildings whose owners have bought out of the Mitchell-Lama program or who no longer have Section 8 contracts with the United States Department of Housing and Urban Development (HUD).

SUMMARY OF SPECIFIC PROVISIONS: This bill authorizes New York City or any city, town or village in the counties of Westchester, Nassau and Rockland to extend the Emergency Tenant Protection Act (the ETPA) to cover rental buildings which: (1) were owned by limited-profit housing companies which voluntarily dissolved or which dissolve in the future, or (2) were covered by rental assistance contracts between their owners and HUD and such contracts expired or terminated previously or do so' in the future. The bill also .prevents owners of such buildings from applying for higher initial rents under the ETPA or the New York City Rent Stabilization Law than were previously charged to their tenants.

JUSTIFICATION: Many limited-profit housing companies are exercising their option to buy-out of the Mitchell-Lama program. Likewise, HUD contracts with the owners of rental buildings for Section 8 assistance are expiring, being terminated or not being renewed. Existing middle income tenants in Mitchell-Lama and Section B housing are faced with eviction if they cannot afford new market rents. Extending the ETPA to these buildings will ensure that existing tenants can continue to afford to live in their current apartments. ETPA coverage will also enable building owners to more readily be eligible for rent increases under annual ETPA guidelines.

LEGISLATIVE HISTORY: New Legislation

FISCAL IMPLICATIONS: Most costs of administration of ETPA and rent stabilization are covered by per unit fees charged to property owners.

EFFECTIVE DATE: Immediately and shall apply to Mitchell-Lama buildings that bought out of the program in the past or do so in the future and buildings with Section 8 contracts that ended previously or that do so in the future.

Section 8-FW: [orgs] Feds say Gluck is gouging Independence Plaza North

Inbox x

Joan Meyler to me

show details 5:26 PM (20 minutes ag

-----Original Message-----
From: activists-bounces@save-ml.org
[mailto:activists-bounces@save-ml.org] On Behalf Of Sue Susman
Sent: Thursday, February 04, 2010 2:24 PM
To: orgs
Subject: [orgs] Feds say Gluck is gouging Independence Plaza North

Downtown Express,
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Feds say Gluck is gouging I.P.N.

By Julie Shapiro

Tenants of Independence Plaza North have been arguing for years that their apartments should be rent-stabilized - and now U.S. Attorney Preet Bharara is taking up the cause.

Bharara's office wants to recover tens of millions of dollars the federal government paid I.P.N. owner Laurence Gluck to support the Tribeca apartment complex's low-income tenants. Bharara, in New York's Southern District, also wants many of I.P.N.'s 1,339 apartments declared rent-stabilized.

Diane Lapson, president of the I.P.N. tenant association, sees the U.S. attorney's case as support for a similar case the tenants brought several years ago, also arguing that their apartments should be rent-stabilized. That case is still pending.

"[The federal government] wouldn't make a move like this if they thought there was a question about it," Lapson said.

Stephen Meister, Gluck's lawyer, disagreed, saying the U.S. attorney's case was politically motivated. Meister also threatened to "make it my personal business" to make things worse for I.P.N. tenants if they win their case and are declared rent-stabilized.

The U.S. attorney's complaint, filed in October of last year, echoes the tenants' earlier case by arguing that many Independence Plaza apartments should be rent-stabilized because Gluck received a J-51 tax break. Not only should the apartments have been rent-stabilized while Gluck was getting the tax break, but the tenants should continue to be rent-stabilized until they move out, even though Gluck cancelled and repaid a portion of the tax break in 2006, the U.S. attorney's office wrote in the Oct. 29 complaint.

The reason the U.S. attorney is involved is because the U.S. Dept. of Housing and Urban Development provides Section 8 subsidies to I.P.N.'s low income tenants. The subsidies started in 2004, when Gluck removed I.P.N. from the state's Mitchell-Lama affordability program. Section 8 tenants pay no more than 30 percent of their income for their apartments, and HUD covers the rest. So between the two payments, Gluck has received the full market-rate rent for each Section 8 apartment every month since exiting Mitchell-Lama.

But now, the U.S. attorney is arguing that Gluck should have received much smaller federal subsidies, because the apartments should have been rent-stabilized, not market-rate.

"Substantial HUD monies were paid as rent to defendants to which they were not entitled," the federal prosecutors wrote in a complaint filed last October. "In equity and good conscience, they should not retain the payments."

Seth Miller, a lawyer for I.P.N.'s tenants, put it even more simply: "HUD is a little bit upset that they've been paying market-rate vouchers to Larry Gluck to the tune of tens of millions of dollars, when all the while they should have been paying a stabilized rate," Miller said at a housing forum hosted by State Sen. Daniel Squadron last week.

While I.P.N. once had nearly 700 Section 8 apartments, the complex now has just fewer than 500, because some tenants lost their vouchers or moved away. Meister, Gluck's lawyer, estimated that HUD has been paying Gluck at least $10 million a year since 2004.

HUD is now trying to reclaim much of that money, plus interest and fees. HUD did not comment or give an exact figure.

While I.P.N.'s tenants see the U.S. attorney's case as a sign of support for their own bid to become rent-stabilized, Meister disagrees. Meister said the only reason the U.S. attorney decided to pursue the case was because of last year's Stuyvesant Town decision, which tenants see as a favorable harbinger for Independence Plaza. The state's highest court ruled last October that Stuyvesant Town's owner illegally deregulated thousands of apartments. One week later, the U.S. attorney filed the complaint saying that apartments at Independence Plaza, too, were wrongly deregulated.

"They don't want to be embarrassed," Meister said of the federal government. If the I.P.N. tenants win their case, the U.S. attorney could look bad for not going after the Section 8 money, so the U.S. attorney filed the case, Meister said.

On the surface, the connection between Stuyvesant Town and I.P.N. is that both received J-51 tax breaks from the city. But Meister said it doesn't make sense to apply the Stuy Town ruling to I.P.N. because Gluck's tax break was much smaller and he discontinued and repaid it. Miller, the I.P.N. tenants' attorney, argues that the cases are similar.

Either way, it does appear that the Stuy Town ruling prompted the U.S. attorney's court action. Ed Rosner, an I.P.N. tenant, first filed a whistle-blower complaint with the federal government back in 2006, accusing Gluck of charging HUD too much for the Section 8 tenants. The U.S. attorney's office decided not to pursue the exact complaint Rosner made, but filed a related complaint last October, one week after the Stuyvesant Town decision.

The U.S. attorney's office, Rosner and Rosner's lawyer declined to comment on the pending litigation.

Also pending is the tenants' 2005 case against Gluck, which Judge Marcy Friedman deferred to the state Division of Housing and Community Renewal last year.

The D.H.C.R. has shown no sign of issuing a decision - "They've done nothing with it," Meister said - so it's possible that the more recent federal case could be decided first. D.H.C.R. did not respond to requests for comment.

In a phone interview this week, Meister, Gluck's lawyer, made his most pointed statements to date saying the tenants will be worse off if they continue pursuing their case and become rent-stabilized.

"If [I.P.N. tenant lawyer Miller] wins and the building is stabilized, I'm going to make it my personal business to completely take the building to market," Meister told Downtown Express. "Everyone gets screwed if Miller wins."

Lapson said Meister's comments amount to nothing more than scare tactics, since if the tenants win, they will be protected under rent-stabilization. Many tenants already have basic rent protections under a binding agreement they negotiated with Gluck in 2004, before they discovered the J-51 tax break.

"He continues to think that if he frightens us, we're going to back off," Lapson said. "No one's backing off. We've been in this a long time."

Losing either the tenants' case or the federal one could put Gluck's company in a dire position. If Gluck has to repay the tens of millions of dollars he has received from HUD, his company may be unable to meet mortgage payments and have to surrender the building - another potential echo of Stuyvesant Town at I.PN. Gluck's company has recently defaulted on other properties, including the Riverton Houses in Harlem.

Meister said, "There may or may not be enough equity in [I.P.N.]" to cover a repayment to HUD.

Julie@DowntownExpress.com

Department of
Homeless Services

City Council General Welfare, Housing & Buildings
and Public Housing Committee Hearing
Commissioner Robert V. Hess
NYC Department of Homeless Services
Tuesday, February 23, 2010

Introduction

Good afternoon Chairwoman Palma and members of the General Welfare Committee, Chairman Dilan and the members of the Housing & Buildings Committee, and Chairwoman Mendez and members of the Public Housing Committee. Thank you for the opportunity to testify before you today. I'm Robert Hess, Commissioner for the Department of Homeless Services. I'm here today to speak to the Committees about DHS' homelessness prevention efforts and the services New York City has to offer families and individuals who are at-risk of becoming homeless.

Since 2006, Section 8 has been one of a variety of tools we have used successfully to prevent homelessness. As you know, new vouchers under the Section 8 program are presently unavailable. But the Department of Homeless Services will use all available options to prevent families and individuals from entering or re-entering our shelter system.

Community Prevention Network –

In these tough economic times, we want families to know that shelter is not their only option. Under the leadership of Mayor Michael Bloomberg and his innovative approach to homelessness prevention, DHS has expanded our programs and coverage. Now, DHS offers such services Citywide, helping households on the brink of homelessness remain stably housed in the community.

As the City's community-based homelessness prevention program, Homebase targets at-risk families and gives them customized assistance when and where they need it most. Homebase helps ensure families remain stably housed in their communities and prevents homelessness by assisting families and individuals with hardships they may face.

Our Homebase program began in September 2004 with six sites serving the most at-risk community districts. It has since expanded to 13 sites in all five boroughs serving the entire City, ensuring that services are available to families in every community district.

Homebase offers both client and community-based services including the most frequently used services such as employment training and placement, benefits advocacy, housing relocation assistance, legal referrals and life skills education, including financial and household budgeting. Additionally, Homebase offices assist our community members with casework and limited short-term emergency financial assistance such as rent arrears, rental deposits and broker fees.

Homebase has assisted more than 17,700 households since inception – 90 percent of which remained in the community for one year after receiving services.

DHS also funds an extensive network of community-based legal offices that help thousands of at-risk families avoid eviction each year. Since 2004, the Family Anti-Eviction Legal Services programs have provided over 28,000 families with children with full legal representation. In 2009, DHS began serving single adults with legal services through funding from the American Recovery and Reinvestment Act.

We also fund court-based services to help our most vulnerable families retain their housing. In 2005, we launched our Housing Help program in partnership with the New York City Civil Court and the United Way of New York City. The program provides an innovative combination of legal assistance and ongoing social service supports to address the immediate housing crisis and longer-term economic and social challenges that can lead to recidivism and shelter entry. Since 2005, Housing Help has served over 1,900 families with children and 95 percent of those served have not entered shelter.

The DHS homeless prevention services are operated by the most highly regarded organizations with deep roots in the communities they serve. The services are accessible with over 30 store-front locations. In fact, if you look inside the folder we provided you – there is a map of the Homebase and Anti-Eviction legal services offices. By dialing 311, families can find their nearest service center and receive the help they need to remain stable and independent in their communities.

DHS closely monitors the efficiency and effectiveness of it prevention services to ensure continuous quality improvement. It looks at how well we're serving our communities, the quality of those services, and most importantly, the outcomes. Our homelessness prevention programs are some of the most data-driven in the country. We even retain independent evaluators to give us their assessment of our programs. Over the past year, we partnered with SEEDCO to evaluate our court-based Housing Help Program and with CUNY, Columbia University and the University of Pennsylvania to conduct a rigorous examination of Homebase.

Part of what makes DHS homeless prevention services so effective is the way they are integrated with other services throughout the city, most notably the homeless prevention services offered by HRA. The homeless prevention services funded by DHS operate hand-in-hand with the services available through HRA. Every day, we work together to provide one-time emergency cash assistance to eligible families and individuals facing eviction and help with relocation assistance to help our clients secure new housing. Along with HRA and our providers, we help eligible families link to the Family Eviction Prevention Supplement (FEPS) which provides future ongoing monthly rental assistance to families who are being evicted.

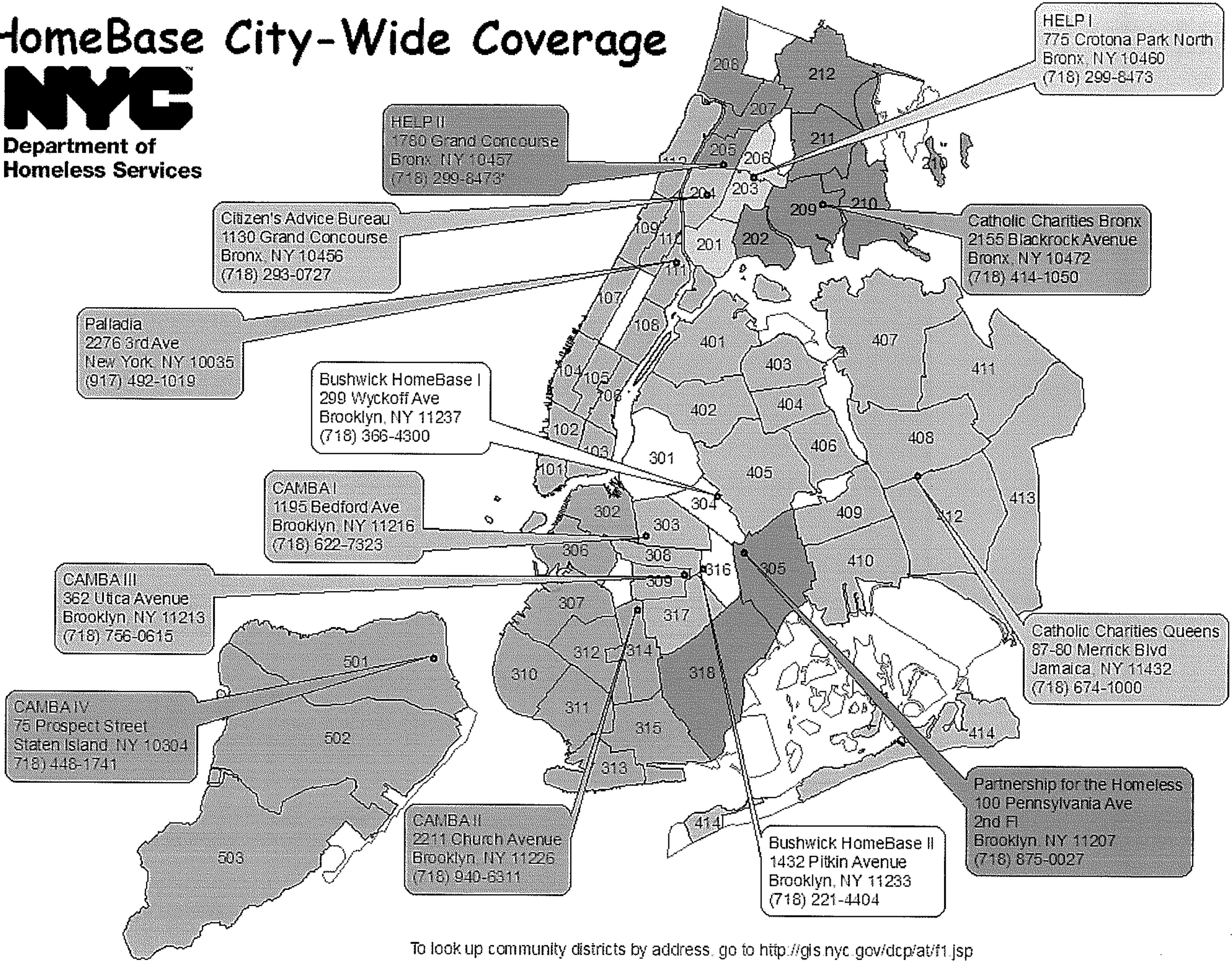
DHS is continuing to think innovatively and creatively about how to prevent homelessness. However, in this difficult economic climate we face, we must be strategic in our use of limited resources. Some have suggested that DHS should use stimulus dollars to fund the revoked Section 8 vouchers. I believe, and I know that many of you agree, that cutting our homelessness prevention programs to make up for the loss of federal assistance would be a huge mistake. At the same time, we must offer as many opportunities as possible for clients in need. To that end, DHS is creating a Homebase Housing Flex-Fund to support those whose needs cannot be met though any other means. This $1 million fund – maintained by Stimulus dollars – will be available to our Homebase offices to assist any Advantage client who finds themselves in difficult times due to these unique circumstances and in need of assistance.

Conclusion –

I would like to thank you for the City Council's continued commitment to the issue of homelessness and I look forward to working with you as we work to find solutions to ensure that any clients affected by this crisis are served. I recognize that together, we are all committed to finding housing stability for New York's homeless. I am glad to answer any questions that you may have.

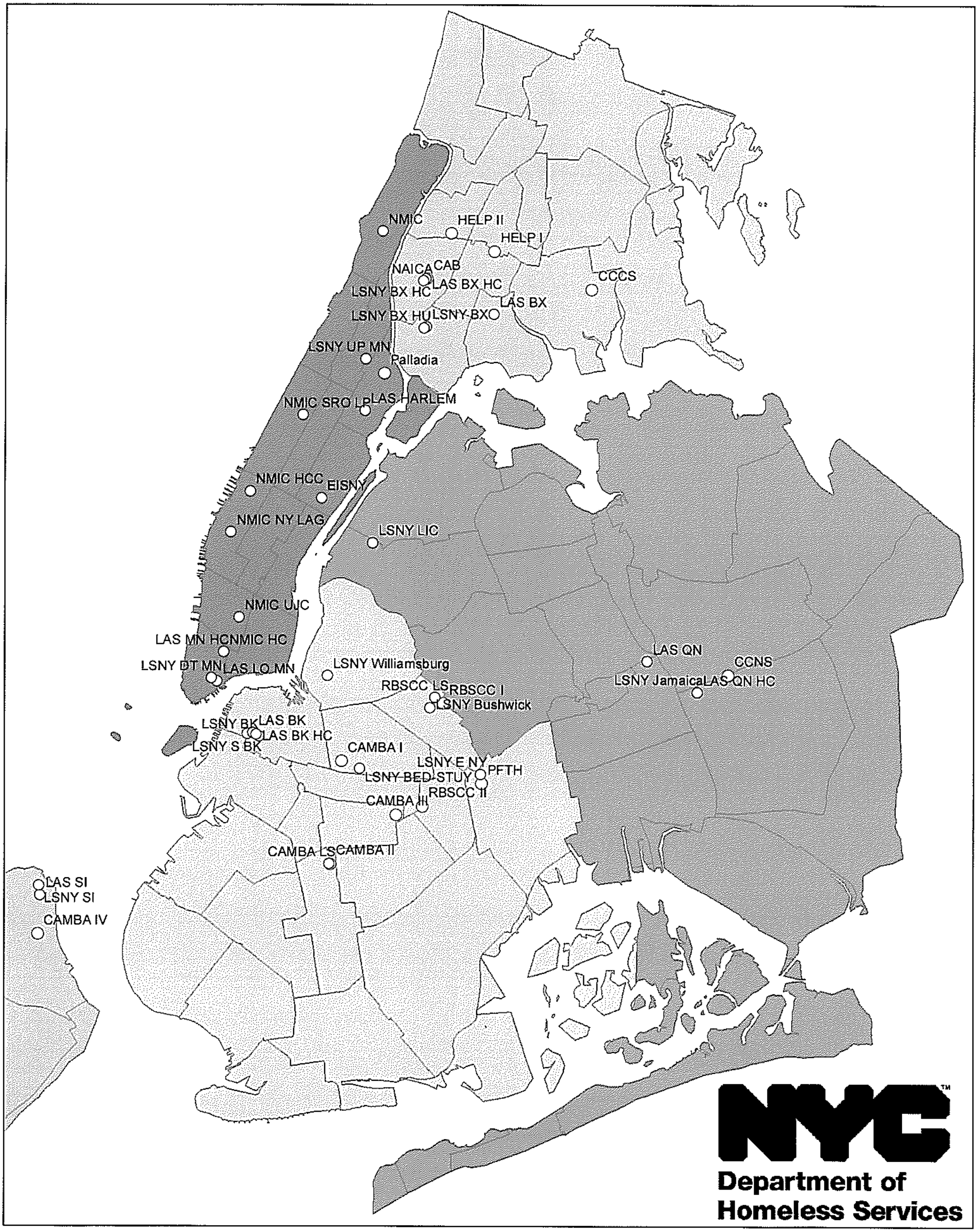
HomeBase City-Wide Coverage

Department of Homeless Services



To look up community districts by address, go to http://gis.nyc.gov/dcp/at/f1.jsp

DHS Prevention Network



NYC™
Department of
Homeless Services

NYC Department of Homeless Services

Prevention Services

Service Area	Organization Name	Address	Phone
Brooklyn	**Legal Services**		
	CAMBA Legal Services	720 Church Avenue	Ph: 718-282-2500 x230
	Legal Services New York City		
	Bedford-Stuyvesant Community Legal Services	1360 Fulton St. Ste. 301	Ph: 718-233-6402
	Williamsburg Office	256 Broadway	Ph: (718) 487-2300
	Bushwick Office	1455 Myrtle Avenue	Ph: 718-487-0800
	East New York Office	80 Jamaica Avenue	Ph: 718-487-1300
	South Brooklyn Legal Services	105 Court Street	Ph: 718-237-5500
	LSNY Brooklyn Branch	180 Livingston Street, Suite 302	Ph: 718 -52-8888
	Ridgewood Bushwick Senior Citizens Council (Housing Dept)	217 Wyckoff Avenue	Ph: 718-366-3800
	Homebase		
	CAMBA		
	CAMBA	1195 Bedford Avenue	(718) 622-7323
	CAMBA	2211 Church Avenue	(718) 940-6311
	CAMBA	1117 Eastern Parkway	(718) 756-0615
	Partnership for the Homeless	100 Pennsylvania Avenue	(718) 875-0027
	Ridgewood Bushwick Senior Citizen's Council		
	RBSCC	1432 Pitkin Avenue	(718) 221-2361
	RBSCC	255 Wyckoff Avenue	(347) 295-3738
Bronx	**Legal Services**		
	Legal Aid Society - Bronx Neighborhood Office	953 Southern Boulevard	Ph: 718-991-4758
	Legal Services New York City - Annex Office	329 East 149th Street, 3rd Floor	Ph: 718-928-3700
	Neighborhood Association of Inter-Cultural Affairs	1075 Grand Concourse	Ph: 718-538-3344
	Homebase		
	HELP USA		
	HELP	775 Crotona Park North	(718) 299-8473
	HELP	1780 Grand Concourse	(718) 299-8473
	Bronxworks	1130 Grand Concourse	(718) 293-0727
	Catholic Charities Bronx	2155 Blackrock Avenue	(718) 414-1050
Manhattan	**Legal Services**		
	Eviction Intervention Services	150 East 62nd Street	Ph: 212-308-2210
	Legal Aid Society		
	Manhattan Courthouse Office	111 Center Street 1st Fl	Ph: 212-766-2450
	Lower Manhattan Neighborhood Office	199 Water Street, 3rd Fl	Fax: 212-876-5365
	Harlem Community Law Office (D05)	230 East 106th Street	Ph: 212-426-3028
	Legal Services New York City		
	Harlem	55 West 125th Street, 10th fl	Ph: 212-348-7449
	Downtown Manhattan	90 John Street, Suite 301	Ph: 646-442-3100
	Northern Manhattan Improvement Corporation (Main office)	76 Wadsworth Avenue	Ph: 212 822-8300
	Housing Court Office	111 Centre Street, Room 323	
	Housing Conservation Coordinators	777 Tenth Avenue	Ph: 212-541-5996
	Urban Justice Center	666 Broadway, 10th Floor	Ph: 646-459-3002
	Goddard-Riverside Westside SRO Law Project	647 Columbus Avenue	Ph: 212-799-9638
	Homebase		
	Palladia, Inc.	2276 3rd Avenue	(917) 492-1019
Queens	**Legal Services**		
	Legal Aid Society Queens Neighborhood Office	120-46 Queens Boulevard, 3rd Fl	Ph: 718-286-2461
	Legal Services New York City		
	Jamaica	89-02 Sutphin Boulevard	Ph: 718-657-8611
	Long Island City	42-15 Crescent Street	Ph: 718-392-5646
	Homebase		
	Catholic Charities Queens	87-80 Merrick Boulevard	(718) 674-1000
Staten Island	**Legal Services**		
	Legal Aid Society Staten Island	60 Bay Street	Ph: 718-273-6677
	Legal Services New York City Staten Island	36 Richmond Terrace, Suite 205	Ph: 718-233-6480
	Homebase		
	CAMBA	75 Prospect Street	(718) 448-1741

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THE CITY OF NEW YORK

Appearance Card

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

☐ in favor ☐ in opposition

Date: 2-23-10

(PLEASE PRINT)

Name: Diego Quinones

Address: 115 East 106st 3rd fl.

I represent: Community Voices Heard

Address: 115 E. 106st NY NY 10029

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THE CITY OF NEW YORK

Appearance Card

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

☐ in favor ☒ in opposition

Date: 2/23/09

(PLEASE PRINT)

Name: Lilianna Zulunova

Address: 107-40 Queens Blvd. #11J Forest Hills, N.Y. 11375

I represent: ______

Address: ______

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THE CITY OF NEW YORK

Appearance Card

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

☐ in favor ☐ in opposition

Date: 02/23/10.

(PLEASE PRINT)

Name: TRINA ZHOVNIROVSKAYA

Address: 3250 Coney Island Av, # 12-D

I represent: LEONID POVOLOTSKIY

Address: 3093 Brighton 4 Str, #5-L, Brooklyn

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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: 2/23/00

(PLEASE PRINT)

Name: JUDITH KAHAN

Address: 25 Chapel St. Brooklyn

I represent: nyc Coalition of Domestic

Address: Violence Residential Providers

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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: Dana Frank

Address: ________

I represent: Self-

Address: ________

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: Catherine Trapani

Address: 1140 Broadway Ste 1002 NY, NY 10001

I represent: Coalition of DV Residential Providers

Address: ________

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

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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: THERESA MCINTOSH

Address: ______

I represent: ______

Address: ______

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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: Robert Hess

Address: Commissioner

I represent: Department of Homeless Services

Address: ______

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: Doug Apple

Address: First Deputy Commissioner

I represent: Dept. of Housing Preservation & Development

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: Rafael Cestero

Address: Commissioner

I represent: Dept. of Housing Preservation & Development

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: John Rhea

Address: Chairman

I represent: New York City Housing Authority

Address: ________

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