

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

JOINT COMMITTEES ON HOUSING AND BUILDINGS
AND GENERAL WELFARE
AND PUBLIC HOUSING

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February 23, 2010

Start: 1:00 pm

Recess: 4:07 pm

HELD AT: Council Chambers
City Hall

B E F O R E:

ERIK MARTIN DILAN
Chairperson, Housing and Buildings

ANNABEL PALMA
Chairperson, General Welfare

ROSIE MENDEZ
Chairperson, Public Housing

COUNCIL MEMBERS:

Council Member Maria del Carmen
Arroyo

Council Member Margaret S. Chin

Council Member Leroy G. Comrie, Jr.

Council Member Elizabeth Crowley

Council Member Lewis A. Fidler

Council Member Daniel J Halloran
III

Council Member Robert Jackson

Council Member Letitia James

A P P E A R A N C E S [CONTINUED]

COUNCIL MEMBERS:

Council Member Brad S. Lander

Council Member Stephen Levin

Council Member Melissa Mark-

Viverito

Council Member James S. Oddo

Council Member Ydanis Rodriguez

Council Member Deborah L. Rose

Council Member Jumaane D. Williams

A P P E A R A N C E S [CONTINUED]

Rosie Mendez
Opening Statement
Chairperson
Committee on Public Housing

Erik Martin Dilan
Opening Statement
Chairperson
Committee on Housing and Buildings

Molly Murphy
Counsel
Committee on General Welfare

Migna Taveras
Policy Analyst
Committee on General Welfare

Baaba Halm
Counsel
Committee on Housing and Buildings

Benjamin Goodman
Policy Analyst
Committee on Housing and Buildings

Anthony Brito
Finance Division
New York City Council

Crystal Coston
Finance Division
New York City Council

Brendan Chaney
Policy Division
New York City Council

Bill de Blasio
Public Advocate
New York City

A P P E A R A N C E S [CONTINUED]

John B. Rhea
Chairman
New York City Housing Authority

Rafael E. Cestero
Commissioner
Department of Housing Preservation and Development

Robert V. Hess
Commissioner
Department of Homeless Services

Douglas Apple
First Deputy Commissioner
Department of Housing Preservation and Development

Theresa McIntosh
Co-Chair
Housing Campaign
Voices of Women Organizing Project

Judith Cahan
Co-Chair and Founder
New York City Coalition of Domestic Violence
Residential Providers

Dana Frank
Domestic Violence Victim
Former Section 8 Voucher Holder

Irena Shomeroska
New York City Resident
Representing Grandparents Lenit Manny Pavolosky
Former Section 8 Voucher holders

Liliana Sulanova
Community Activist
Former Constituent Liaison

Called but did not testify:
Diego Quinones

A P P E A R A N C E S [CONTINUED]

Written testimony submitted:

Nydia Velasquez

Congress Member

Unite States Congress

Written testimony submitted:

Joan Myler

Affordable Housing Advocate

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 6
2 WELFARE AND PUBLIC HOUSING

3 CHAIRPERSON DILAN: Begin with the
4 hearing.

5 [Pause]

6 CHAIRPERSON MENDEZ: Good
7 afternoon.

8 [Gavel banging]

9 CHAIRPERSON MENDEZ: This hearing
10 will come to order. [Off mic] Okay. She wants me
11 to--I did it left handed.

12 [Gavel banging]

13 CHAIRPERSON MENDEZ: She wants a
14 strong bang. There we go. A loud noise on the
15 plank. I am Councilwoman Rosie Mendez, Chair of
16 the Committee on Public Housing. Today's hearing
17 is a continuation of the recessed hearing of
18 February 9th, held jointly by the Committee on
19 Public Housing and the Committee on General
20 Welfare chaired by Councilwoman Annabel Palma.
21 Additionally this hearing was expanded to include
22 the Committee on Housing and Buildings chaired by
23 Councilman Erik Martin Dilan.

24 Today's joint oversight will allow
25 the New York City Housing Authority, Department of
Housing Preservation and Development, and the

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 7
2 WELFARE AND PUBLIC HOUSING

3 Department of Homeless Services to explain what
4 led up to NYCHA's announcement that applications
5 for Section 8 vouchers would no longer be
6 processed and that it would be revoking vouchers
7 for as many as 3,000 families. On February 9th the
8 Committees listened to four and a half hours of
9 public testimony. Advocates testified about how
10 this decision has affected their clients and how
11 Homebase is unequipped and will be ineffectual in
12 providing assistance to masses of rescinded
13 voucher holders.

14 Many homeless individuals affected
15 by this decision also testified and told us their
16 heart wrenching story. Let me share with you just
17 one story that I believe epitomizes a systemic
18 injury and a bureaucratic mess. Ms. Farrakhan
19 appeared in Council Chambers with her 4-year old
20 son and sat in that chair and testified that she
21 was homeless with two other boys. One boy, 9
22 years old, has no arms as well as heart and kidney
23 failure. The other is 11 years old and suffers
24 from scoliosis. On September 8th Ms. Farrakhan was
25 informed that she was approved for a Section 8
voucher and secured an apartment shortly

thereafter.

3 September 22nd she was rejected
4 because allegedly the block and lot number were
5 incorrect and that she had to find the correct
6 block and lot number even though the NYCHA
7 employee could have looked up the block and lot
8 number in the New York City system.

9 Department of Finance told her that
10 the block and lot numbers were correct. October
11 8th, with the corrected block and lot number, the
12 same one, she was informed that her application
13 was lost and apparently in the State of Florida.

14 In November her application
15 returned from its Florida vacation, Ms. Farrakhan
16 searched and found another apartment. She
17 returned on December 8th with a completed packet
18 and then was told that her Section 8 voucher was
19 rescinded.

20 To put it simply, this is so wrong.
21 After passage of the American Recovery and
22 Reinvestment Act in early of 2009 the
23 Administration knew that there would be a \$58
24 million shortfall. That spring NYCHA filed a
25 waiver to hopefully obtain additional monies and

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 9
2 WELFARE AND PUBLIC HOUSING

3 continued to issue vouchers. In August NYCHA was
4 informed that its request for a waiver was denied
5 and it continued to issue vouchers until December,
6 the same month that it announced that it would be
7 rescinding en masse approximately 3,00 vouchers.

8 3,000 vouchers that it offered
9 vulnerable and homeless New Yorkers and that they
10 accepted and relied on. I don't understand it so
11 I hope this hearing will bring clarity to me and
12 to my colleagues. At today's hearing the
13 Committees are interested in hearing about the
14 steps that the agencies have or will be taking to
15 assist families that have had their Section 8
16 vouchers revoked.

17 Some of my colleagues and I have
18 come up with a few ideas such as giving priority
19 status in vacant public housing units to the
20 recently rescinded Section 8 voucher holders. DHS
21 can immediately make referrals of homeless
22 individuals to NYCHA as emergencies as was the
23 case number three Mayoral administrations, Koch,
24 Dinkins and Giuliani. I understand that my
25 colleagues Council Member Lander and James are
working on introducing such legislation.

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 10
2 WELFARE AND PUBLIC HOUSING

3 I would like to thank everyone for
4 participating in today's hearing. I will now turn
5 it over to my colleague Chairman Dilan will leave
6 us shortly and then return to this hearing. And
7 then to Council Member Chair Palma and then Public
8 Advocate de Blasio. We will then have all the
9 agencies give their testimony, followed by
10 questions from the City Council. And then any
11 additional public testimony from individuals who
12 did not testify on the February 9th hearing.

13 And I will ask and remind my
14 colleagues that this is a joint hearing of three
15 Committees, comprised of many, many Council
16 Members, so we should be brief and concise with
17 our questions to enable everyone to ask questions
18 and to have a productive hearing. I remind
19 everyone who will testify who has not done so yet
20 to sign up with the Sergeants of Arms and fill out
21 one of these sheets and to turn off your cell
22 phones.

23 And at this point I would like to
24 hand it over to my colleague Chair Dilan. And I
25 want to thank everyone for being here today.

CHAIRPERSON DILAN: Thank you Chair

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 11
2 WELFARE AND PUBLIC HOUSING

3 Mendez and I would like to take this opportunity
4 to congratulate yourself as well as Council Member
5 Palma as you embark in your new posts here at the
6 City Council. You both chair up two very
7 important Committees that obviously New Yorkers
8 will need your expertise in lending your oversight
9 on their behalf.

10 For those that don't know me, good
11 afternoon. My name is Erik Martin Dilan and I am
12 the Chairman of the City Council's Housing and
13 Buildings Committee. And today the three
14 Committees have been convened to explore and
15 consider the issue of Section 8 and the New York
16 City Housing Authority's recent announcements that
17 they no longer will accept any new Section 8
18 applicants and will terminate some existing
19 vouchers.

20 This program provides vouchers for
21 participants to supplement their income so that
22 they can find affordable housing in the private
23 market. In New York City the program is
24 administered by both the New York City Housing
25 Authority as well as the New York City's
Department of Housing Preservation and

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 12
2 WELFARE AND PUBLIC HOUSING

3 Development. Now HPD generally targets its
4 Section 8 vouchers to very specific projects or
5 very specific areas of need. And I'd like to just
6 take from today what ways can HPD be helpful in
7 solving the overall problem and to get an
8 understanding as to what happened between the
9 period of time in May of 2009 when the Federal
10 funding was cut to December of 2009 when the
11 announcement was made public.

12 So we look forward to getting
13 answers to that today. I'm interested in hearing
14 what all the agencies have to say and look forward
15 to working with the Administration and the Council
16 to find some sort of solution to this problem.
17 Thank you Madam Chair.

18 CHAIRPERSON PALMA: Thank you Madam
19 Chair. Good afternoon. I'm Council Member
20 Annabel Palma and I just want to thank my Co-
21 Chairs, Council Member Mendez and Dilan for
22 joining me on this second part of the hearing. I
23 also want to thank the staff who worked to bring
24 this hearing together today including Molly Murphy
25 and Migna Taveras of the General Welfare
Committee, Baaba Halm and Benjamin Goodman from

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 13
WELFARE AND PUBLIC HOUSING

2 the Public Housing Committee, and Anthony Brito
3 and Crystal Coston, the two Finance Analysts who
4 helped prepare the hearing and Brendan Chaney
5 [phonetic] from the Policy Division. And thanks
6 to all the interested parties and, you know, we'd
7 like to thank them because a lot of work goes
8 behind the scenes to make sure that these hearings
9 get underway.

10 We are here because in December
11 2009, NYCHA revoked the Section 8 vouchers as you
12 heard from my colleagues. The Public Housing held
13 the first part--General Welfare and Public Housing
14 held the first part of the oversight hearing when
15 we heard from several people directly affected by
16 NYCHA's action. And you heard testimony and
17 examples from Council Member Rosie. I would just
18 like for the record, too, I want one more example.

19 We heard testimony from homeless
20 people and domestic violence victims who are in
21 immediate desperate need of safe and affordable
22 housing for themselves and their children, had it
23 at their fingertips through the Section 8 voucher,
24 but abruptly had the chance eliminated. We heard
25 from people who have received a voucher only weeks

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 14
2 WELFARE AND PUBLIC HOUSING

3 before NYCHA revoked it and from others who held
4 vouchers for several years but could not find
5 housing. And after years of waiting ultimately
6 had their vouchers revoked as well.

7 It's clear that people we heard
8 from two weeks ago provide only a small glimpse of
9 the overall problem. The loss of vouchers also
10 presents us a long-term problem for the City. As
11 many advocates at our last hearing testified, the
12 Department of Homeless Services uses vouchers
13 regularly to help prevent people from becoming
14 homeless and help those that are homeless locate a
15 permanent and adequate housing.

16 The Administration for Children's
17 Services uses Section 8 vouchers to help youth who
18 are aging out of their system find safe and
19 affordable housing and to reunify families who
20 have children and are separated because they lack
21 adequate housing. Without these vouchers it is
22 unclear how the work of these agencies will be
23 affected.

24 Perhaps most notably at the hearing
25 two weeks ago people testified repeatedly that the
City felt it has been unresponsive to them. They

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 15
WELFARE AND PUBLIC HOUSING

2 had a voucher then taken away, then asked multiple
3 City agencies what should they do but have not
4 been given answers. That's why we're here today
5 holding the second part of the oversight hearing
6 to hopefully come to a solution and have some
7 answers on what happened.

8 We're asking the City to respond
9 not just to people who are directly affected but
10 also the general public. We need to know how the
11 City will assist those whose vouchers were
12 eliminated and its long-term plans to combat
13 homeless and find affordable housing without the
14 availability of Section 8 as a tool.

15 Thanks to the members of the
16 Administration who are here today. We really
17 appreciate your taking out the time to come and
18 help us ponder up in finding the solutions to help
19 the people that are most affected by this issue.

20 Before we move--oh the Public
21 Advocate, okay, Mr. Public Advocate it's all
22 yours.

23 PUBLIC ADVOCATE DE BLASIO: Thank
24 you very much Chair Palma. Thank you, all the
25 Chairs. I hope that the Commissioners and the

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 16
2 WELFARE AND PUBLIC HOUSING

3 Chairs present understand how deeply so many of us
4 feel about this issue that we've seen something I
5 think we've never seen before which is a
6 government benefit given and then taken away. Now
7 we understand the very, very bad economy
8 contributed to this situation.

9 We understand that there were
10 actions taken by Washington that put all of you in
11 a tough spot. And I think those actions were
12 unexpected and in some ways punitive. But I think
13 the notion of this hearing and why I appreciate
14 that the Chairs have brought all three Committees
15 together in particular is we've got to understand
16 how not to let this happen again. And we have to
17 understand how to get relief for all of the people
18 affected.

19 We appreciate, of course, there's
20 been progress on some of the cases and that is
21 crucially important. But I think the notion here
22 is for many of us we won't be satisfied until
23 everybody who lost their voucher gets it restored
24 to put things right again and say that a
25 government benefit granted is something that will
be honored without exception, especially in a time

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 17
2 WELFARE AND PUBLIC HOUSING

3 when people are depending on support from the City
4 so intensely.

5 Finally, you know, we've talked
6 about, I think, solutions a lot of us have tried
7 to offer, constructive ideas and I think the
8 notion of focusing on vacant NYCHA apartments.
9 I've talked to you Mr. Chairman about that. I
10 know it's not simple and I know it's not without
11 challenges but I think it is one example of a way
12 that we can make this situation right. Because
13 too many of us this is such an unprecedented act
14 that we have to come up a solution at all costs.
15 It has to be a quick solution, not the end of the
16 year, but a quick solution.

17 And finally I said it at one of our
18 previous gatherings; this is similar to the
19 Marines who say they never leave their men and
20 women on the battlefield. I think the City of New
21 York should never leave people in need without
22 help. And we should never fail to honor a
23 commitment we've made. And that's why this is so
24 important. Thank you.

25 CHAIRPERSON MENDEZ: Before the
Commissioners and the Chairmen give their

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 18
WELFARE AND PUBLIC HOUSING

2 testimony I'd like to introduce the members of the
3 Committee. To my far right, Council Member--I
4 keep thinking Oddo first, Council Member Oddo from
5 Staten Island; and then further right, Council
6 Member Fidler from Brooklyn; also to my right,
7 Council Member Tish James from Brooklyn. Now as
8 we move to my left.

9 [Crosstalk, laughter]

10 CHAIRPERSON MENDEZ: We have
11 Council Member Jumaane Williams from Brooklyn; and
12 Council Member Halloran is misplaced on the far
13 left.

14 COUNCIL MEMBER HALLORAN: I feel
15 that way entirely. It's...

16 CHAIRPERSON MENDEZ: We have
17 Council Member Rodriguez, Ydanis Rodriguez from
18 Manhattan; Council Member Chin from Manhattan;
19 Council Member Lander from Brooklyn; and Council
20 Member Debbie Rose from Staten Island; and Council
21 Member Elizabeth Crowley from Queens.

22 Now I will leave it to the panel
23 and whoever would like to go first and just remind
24 you to identify yourself for the record.

25 CHAIRMAN JOHN B. RHEA: John Rhea,

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 19
2 WELFARE AND PUBLIC HOUSING

3 Chairman of the New York City Housing Authority.

4 First before I go into the reading the written
5 testimony, I'd like to first say I'm honored to be
6 here, particularly honored to be here with my
7 fellow Commissioners Hess and Cestero. I know I
8 speak for all of us when I say we've been looking
9 forward to being here as a group since Section 8
10 is a shared responsibility.

11 As Public Advocate de Blasio
12 mentioned, I've spoken with many members of the
13 City Council on this topic since the issue became
14 public in December. And but this is an
15 opportunity for us to obviously speak officially
16 on the record.

17 Lastly I'd like to say that I
18 appreciate the Council's flexibility and effort to
19 work with us to find a date that jointly worked
20 for all three of us, collectively, to be here that
21 worked for the Council's calendar in terms of
22 making this work out today. So we've been looking
23 forward to it and I'm happy to lead it off.

24 Chairman Erik Dilan, Chairwoman
25 Rosie Mendez, Chairwoman Annabel Palma,
distinguished members of their respective

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 20
WELFARE AND PUBLIC HOUSING

2 Committees and distinguished members of the City
3 Council, good afternoon. I am John B. Rhea, the
4 New York City Housing Authority's Chairman. I
5 appreciate this opportunity to update you on the
6 Section 8 housing program and on NYCHA's efforts
7 to secure the program's viability for our fellow
8 New Yorkers.

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

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

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 21
2 WELFARE AND PUBLIC HOUSING

3 States Department of Housing and Urban Development
4 and dedicated to supporting subsidized housing for
5 very low income families and individuals.

6 Section 8 seeks to tackle the
7 housing crisis by addressing the gap between
8 family incomes and housing costs. It sounds
9 simple. Family incomes either stay level or don't
10 rise fast enough to maintain pace with rising
11 rents and the government steps in to help close
12 the gap.

13 But as I hope to make clear,
14 determining both sides of the cost curve for
15 Washington and for local agencies can be quite
16 difficult. First there is a formula, part
17 statutory from Congress and part regulatory from
18 HUD, to determine the amount HUD awards each
19 locality to provide voucher assistance, commonly
20 referred to as the HAP subsidy. A separate
21 formula based mostly on the number of apartments
22 in each program as well as certain other factors
23 is used to determine how much the Housing
24 Authority will receive in administrative fees or
25 operating funds.

Each Fiscal Year housing officials

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 22
2 WELFARE AND PUBLIC HOUSING

3 must perform a complicated analysis to predict how
4 many apartments can be assisted by assessing the
5 local apartment rents within the Federal rent
6 ceiling, the average tenant's rent share at 30% of
7 the voucher holder's income, and the average
8 subsidy payments to fill the gap between apartment
9 rents and tenant's rent share. Those average
10 subsidy costs must then be matched against the
11 funding appropriated by Congress for subsidy and
12 operating funds, including funding to renew
13 existing vouchers and funding to authorize any new
14 vouchers.

15 After all of that, if any funds are
16 left over at the end of the Fiscal Year, they are
17 rolled over into the Authority's reserves. But to
18 calculate the level of funding Congress and HUD
19 may offset in Housing Authority's reserves
20 accumulated from previous years, thereby reducing
21 that year's funding by the offset amount and
22 forcing the Authority to use its reserve funds to
23 close the gap between their Congressional
24 allocation and the actual value of the housing
25 vouchers managed in that year's portfolio.

Congress and HUD also impose a cap,

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 23
2 WELFARE AND PUBLIC HOUSING

3 a limit to the number of vouchers each authority
4 may manage in a given year. And HUD imposes
5 strict guidelines requiring that authorities
6 maintain utilization rates at or above 95% of the
7 cap. Failure to meet that benchmark can result in
8 administrative penalties and a loss of funding for
9 the next Fiscal Year. Overshooting the cap may
10 force the Housing Authority to pay for vouchers
11 that Congress has not funded and will result in
12 the Authority's suspending the issuance of new
13 vouchers.

14 In summary Section 8 funding is
15 based on multi-variable formulas subject to
16 changes in housing market forces and
17 beneficiaries' income challenged by possible
18 offsets and rescissions and bounded by Federally
19 imposed caps. Most important the structure of
20 Section 8 is dependent on fund availability. And
21 fund availability changes from one year to the
22 next with little advance warning. One of the
23 benefits of Section 8 is its portability. The
24 housing subsidy follows the family. But the
25 Housing Authority and the Federal government do
not guarantee that the subsidy is permanent, nor

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 24
2 WELFARE AND PUBLIC HOUSING

3 do they provide any additional social or
4 supportive services.

5 Housing Authorities screen
6 applicants for Section 8 eligibility. It enters
7 into contracts with owners and approves leases for
8 families to provide Section 8 assistance. It
9 inspects apartments to make sure they meet HUD
10 quality housing standards. It annually re-
11 inspects apartments and it monitors the landlord's
12 compliance for maintaining apartments consistent
13 with housing quality standards.

14 Tenants must also undergo annual
15 recertification which is based in part on
16 availability of funds. Activation of vouchers is
17 dependent on the funds and vouchers available to
18 the Housing Authority. Additionally the value of
19 each voucher may change as a response to any
20 changes in the family's income.

21 Building owners are another
22 important player in maintaining the viability of
23 Section 8. Owners and landlords screen tenants
24 and provide leases to voucher holders in exchange
25 for housing assistance program payments. Owners
agree to comply with all HUD and Housing Authority

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 25
2 WELFARE AND PUBLIC HOUSING

3 guidelines and to maintain the property to meet
4 those specifications.

5 The net result is voucher program
6 enrollees are able to find an apartment in the
7 private market and have a portion of their rent
8 paid by the Federal government. They cannot be
9 evicted for any failure of the Housing Authority
10 to make timely payments to their landlord. And
11 the Housing Authority becomes their advocate to
12 ensure that the landlord continues to provide
13 quality housing.

14 In return, tenants are responsible
15 for cooperating with the Housing Authority in the
16 annual recertification and in apartment inspection
17 processes and for paying their share of the rent
18 to the landlord.

19 The economy also plays an important
20 role in this equation. Budgets, whether family or
21 government, are not made in a vacuum. Each year
22 that we monitor the Section 8 program, owners open
23 their doors to new tenants, program beneficiaries
24 get better jobs or new opportunities and leave the
25 program voluntarily. The forces of our economy
shift, realign and reshape the landscape.

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 26
2 WELFARE AND PUBLIC HOUSING

3 Recently those forces have been particularly
4 powerful. The destruction of the job market,
5 City, State and nationwide, the many downward
6 pressures on incomes and the surge in the cost of
7 living expenses have merged to create a massive
8 economic shift to which families and government
9 agencies are still struggling to respond.

10 The Section 8 program is no
11 different. And our current economic struggle
12 while magnified is not entirely new. In January
13 2007 NYCHA began a major initiative, assisted by
14 the City Council to issue new Section 8 vouchers.
15 The program waiting list was open to non-emergency
16 applications for the first time since 1994 during
17 February to May of 2007. The number of applicants
18 that we determined were eligible and were issued
19 vouchers jumped from 5,774 in 2006 to 20,860 in
20 2007, a 361% increase and NYCHA's highest number
21 ever.

22 The number of applicants who
23 received vouchers remained at historically high
24 levels for 2008, 15,111, and 2009, 11,022. As
25 more voucher holders had more time to search for
and locate apartments and with more building

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 27
WELFARE AND PUBLIC HOUSING

2 owners now willing to accept Section 8 tenants, in
3 part due to the worsening economy and in part due
4 to the prohibition on source of income
5 discrimination in Local Law 10, enrollee rentals
6 shot up from 3,997 in 2006 to 8,522 in 2007, a
7 213% increase. It rose to 12,003 in 2008, up
8 another 41%. And then to 13,449 in 2009, another
9 12% rise.

10 And as economic pressure mounted on
11 families, fewer voluntarily left the program. The
12 attrition rate in 2006 and 2007 was between 8.2%
13 and 8.5%. Representing about 7,000 beneficiaries
14 leaving the Section 8 program voluntarily. In
15 2008 the number of families leaving the program
16 dropped sharply to 6.1% and again in 2009 to 4.1%.
17 Today attrition stands at just about 3%.

18 With the number of new enrollees
19 sharply rising and the number of current enrollees
20 leaving the program dropping sharply, our
21 utilization rate began to balloon. 87.4% at
22 year's end for 2007, then 93.9% at the end of
23 2008, and 102.8% at the end of 2009.

24 Currently there are 101,895
25 beneficiaries enrolled in the NYCHA Section 8

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 28
2 WELFARE AND PUBLIC HOUSING

3 program. Earlier I mentioned that there is a
4 Federally imposed cap and I talked about the risk
5 of either failing to close enough to the cap or
6 going over it. Not close enough and you can lose
7 funding for the next year; go over and you must
8 close the gap with your own funds and take
9 measures to come into compliance with the cap.

10 The HUD voucher allocation cap for
11 NYCHA is 99,732. Those 2,163 unfunded vouchers
12 represent a budget deficit of at least \$21 million
13 to the Authority. I also stated that the budgets
14 are not made in vacuums. And recently Federal
15 budgets have been approved and disbursed on a more
16 varied timetable. The Federal Fiscal Year begins
17 on October 1 but NYCHA as well as housing
18 authorities across the country did not receive
19 Section 8 subsidy and operating funds until months
20 after the start of the Fiscal Year.

21 This Fiscal Year, NYCHA only
22 received its funds from Congress in mid-February.
23 Last Fiscal Year was May, five months into the
24 year. Exacerbating the timing impact is the fact
25 that Congress bases funding on the prior year's
average program participation as measured through

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 29
WELFARE AND PUBLIC HOUSING

2 their Fiscal Year which is September through
3 October, not NYCHA's calendar year. In a growing
4 program such as ours, this misalignment equates to
5 tens of millions of dollars.

6 And while our funding allocation
7 from Congress changes year to year, it often fails
8 to meet the full demand of the program. Just last
9 May, NYCHA projected that Congress would recapture
10 \$10 million in funds for our 2009 Section 8
11 program but the Federal government recaptured \$58
12 million or almost 6 times more than anticipated in
13 the Section 8 budget.

14 Despite these challenges, NYCHA
15 took several steps to preserve funding for those
16 most in need. We immediately limited Section 8
17 voucher issuance to only those families referred
18 by the Department of Homeless Services, to
19 families who were victims of domestic violence, to
20 families and youth preferred by the Administration
21 for Children Services and to individuals in
22 intimidated witness protection programs. Taking
23 this step resulted in an immediately 70% reduction
24 in the number of vouchers issued by NYCHA.

25 We also accelerated our fraud

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 30
2 WELFARE AND PUBLIC HOUSING

3 detection efforts, bringing in an additional \$3
4 million in savings and freeing up approximately
5 300 vouchers. As an added measure, we stopped
6 extending housing searches beyond the standard six
month time line.

7 I would also like to give a sense
8 of our efforts to close the Section 8 budget
9 shortfall. On May 20th, 2009 we requested
10 additional funding from HUD and continued those
11 requests on a monthly basis through December. Our
12 funding requests were denied. We alerted our
13 Congressional delegation to the severity of the
14 situation and our steps to that point to alleviate
15 our appropriation's shortfall. We also sent a
16 letter to HUD requesting \$16.5 million of
17 additional funding in the form of tenant
18 protection vouchers. We continued to await a
19 decision on our tenant protection funding request.

20 Separately Congress has not lifted
21 the cap which governs the number of vouchers
22 eligible for issuance thereby preventing housing
23 authorities from issuing more vouchers at this
24 time. In December, despite our best efforts we
25 had to make the difficult decision to stop

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 31
2 WELFARE AND PUBLIC HOUSING

3 processing new Section 8 applications, assist new
4 Section 8 voucher holders looking for apartments,
5 scheduling inspections for apartments they had
6 already found, and approving apartment rentals.

7 But we did not end program
8 assistance to families already under lease. Nor
9 did we severely cut the number of voucher
10 subsidies. More than 400 public housing
11 authorities across the country did just that. And
12 NYCHA plans to give first priority to voucher
13 holders whose vouchers were cancelled in and when
14 additional funding becomes available.

15 Although we are currently over our
16 cap, NYCHA remains committed to supporting the
17 101,895 recipients currently enrolled in the
18 program. Ultimately returning below our cap level
19 through attrition. We will work with our partners
20 at ACS, DHS and HRA to aggressively identify
21 alternative housing assistance and to ensure that
22 at risk families have access to the information
23 and resources they need to sustain rental
24 assistance.

25 We sent a letter to all Section 8
voucher holders whose vouchers have been cancelled

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 32
WELFARE AND PUBLIC HOUSING

2 to brief them about the situation. And we made
3 sure that operators at the NYCHA call center are
4 provided with the most up to date information so
5 that they can promptly respond to individuals who
6 have questions regarding Section 8.

7 Currently NYCHA's 2010 funding is
8 insufficient to maintain full support for all
9 101,895 recipients currently enrolled in the
10 program, creating a shortfall of at least \$21
11 million. NYCHA is working with City, State and
12 Federal officials to close this shortfall.

13 In conclusion, while we hope, while
14 I hope I have made clear our continued commitment
15 to serving our fellow New Yorkers who are most in
16 need of safe, affordable housing, I don't want to
17 leave the Committees with the impression that we
18 have solved the current Section 8 problem. There
19 is a finite capacity to restart the Section 8
20 application process. And there is a finite
21 capacity on how quickly we can begin moving New
22 Yorkers who qualify for assistance into homes.

23 When we look at our budget
24 shortfall, at the nation's economic climate and at
25 the Authority's as yet unsuccessful efforts at

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 33
2 WELFARE AND PUBLIC HOUSING

3 securing new funding for Section 8 programs, it is
4 clear that we need your help and your Committees'
5 help so that we can develop a long term solution
6 to ensuring that the Section 8 program will be
7 there for New Yorkers who need it most.

8 We face a range of difficult
9 choices and I want to stress that our commitment
10 to providing safe, affordable housing to New
11 Yorkers who depend on us is as strong as ever.
12 Our task is as complex today as at any time in our
13 history. We will not succeed if people view this
14 effort as the responsibility of a single agency
15 within our City. We owe it to the families who
16 work hard everyday to make a life for themselves
17 and their families in our great City, to make this
18 program work for them, to help secure their
19 futures.

20 I look forward to working with you
21 to ensure we do just that. Thank you.

22 COMMISSIONER RAFAEL E. CESTERO:

23 Good afternoon Chairpersons Mendez, Dilan, Palma;
24 Public Advocate de Blasio; and members of the
25 Public Housing, Housing and Buildings and General
Welfare Committees. I am Rafael E. Cestero,

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 34
2 WELFARE AND PUBLIC HOUSING

3 Commissioner at the Department of Housing
4 Preservation and Development. And I am pleased to
5 be sitting here today with my colleagues Chairman
6 Rhea from the New York City Housing Authority and
7 Commissioner Hess from the Department of Homeless
8 Services.

9 I would like to explain HPD's
10 Section 8 program and our current capacity
11 requirements. HPD with its partners in City,
12 State and Federal government, is responsible for
13 affordable housing development, preservation and
14 maintaining housing quality through code
15 enforcement. Yesterday I was proud to stand with
16 Mayor Bloomberg as he announced our revised New
17 Housing Marketplace Plan. The plan renewed our
18 commitment to the creation and preservation of
19 165,000 affordable units by 2014. We are nearing
20 the 100,000 unit mark and are confident in our
21 ability to meet this ambitions goal even during a
22 time when cities throughout the country have
23 curtailed or stopped their programs.

24 Our increased commitment to
25 preservation is a key component of our plan to
stabilize neighborhoods and families. And our

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 35
2 WELFARE AND PUBLIC HOUSING

3 Section 8 program is in turn a key tool to
4 ensuring affordable for the most needy New
5 Yorkers.

6 With an allocation of 29,162
7 housing choice vouchers, HPD's Section 8 program
8 is the fourth largest in the nation. And slightly
9 less than one-third the size of NYCHA's. In
10 addition to our tenant-based housing choice
11 vouchers, we also administer close to 4,000 unites
12 of project-based subsidy, largely for special
13 needs populations.

14 Like NYCHA our program has grown
15 over the years and both agencies are now serving
16 more needy New Yorkers than ever before. Through
17 a combination of aggressive outreach efforts to
18 homeless and special needs populations and a
19 series of housing conversion actions which
20 preserved affordability for thousands of New
21 Yorkers in apartments opting out of affordability
22 programs such as Mitchell Lama, HPD now serves 15%
23 more families, almost 4,400 than we did 4 years
24 ago. We have made strides in reforming our
25 program to make it more user friendly and
accessible to both tenants and landlords.

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 36
2 WELFARE AND PUBLIC HOUSING

3 The Section 8 budget is allocated
4 on the basis of leasing and cost data from prior
5 years. Simply put the better job an agency does
6 in placing its voucher allocation into the hands
7 of tenants, the better prospects it has for
8 renewal funding. This provides an incentive for
9 agencies to utilize as many of its vouchers as
10 possible. To do so involves a complicated
11 analysis of lease up success rates and trends in
12 attrition. And of course the risk of skating too
13 close to the edge as Chairman Rhea described is
14 that unpredictable changes to those trends could
15 force an agency above its voucher allocation, its
16 budget or both.

17 In May 2009 HPD received \$261
18 million in Section 8 renewal funding. Like NYCHA
19 our funding was offset by a portion of our
20 reserves. In HPD's case the cut was \$10 million.
21 Due to increased costs and leasing already in
22 motion we were concerned that our funding would be
23 insufficient and we were right. By the end of
24 2009 we had used an additional \$11.5 million in
25 reserves to cover our commitments. This loss was
mitigated however by three important factors.

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 37
2 WELFARE AND PUBLIC HOUSING

3 One HPD got an infusion of close to
4 \$19 million from an enhanced voucher conversion
5 project. Secondly HPD was successful in applying
6 for nearly \$6 million in additional funding from
7 HUD. And third, HPD did not experience similar
8 drops to our attrition rate.

9 In sum while we did make the
10 decision to curtail the issuance of new vouchers
11 in the latter half of 2009, we were fortunate to
12 make our way through a tough budget year without
13 having to pull back vouchers or terminate
14 assistance to participating families.

15 I would like to mention a fourth--
16 mention perhaps a fourth factor by clarifying some
17 important distinctions between HPD and NYCHA's
18 policies and missions. While HPD and NYCHA
19 consider one another sister agencies and have
20 collaborated closely over the years, helping each
21 other in times of need in the City's greater
22 interest, HPD's voucher program was created with a
23 series of preference categories designed to
24 support the City's housing preservation and
25 development efforts.

Whereas NYCHA accepts applications

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 38
2 WELFARE AND PUBLIC HOUSING

3 from the general public, HPD uses intermediaries
4 from City programs such as HPD, DHS and HRA to
5 receive applications and issue Section 8 vouchers
6 to support programs which renovate or construct
7 buildings receiving grants, loans or tax credits
8 from HPD as part of the Mayor's New Housing
Marketplace Plan.

9 This generally means that
10 applicants to HPD's program are either designated
11 for homeless set-aside or special needs units in
12 new buildings or are in-place tenants in buildings
13 that HPD is working hard to preserve the
14 affordability of. The majority of people who
15 receive a new voucher in 2009 and in 2010 were
16 homeless and/or special needs tenants.

17 In 2009, record leasing rates
18 brought HPD to 99% capacity in terms of the
19 Federal voucher allocation which caps not only the
20 amount of money we spend but the number of
21 families we spend it on. Specifically we are
22 subsidizing 28,817 families out of our 29,162
23 family cap. This exceeds the HUD recommended
24 standard of 95% to 98% utilization.

25 To increase utilization would

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 39
2 WELFARE AND PUBLIC HOUSING

3 further put HPD in a precarious position in terms
4 of being able to honor vouchers issued.

5 Consequently we have made very few--we have very
6 few new vouchers to issue and very little
7 flexibility making changes to planned uses in our
8 pipeline. We are optimally using both our
9 available dollars and our vouchers.

10 Looking ahead in calendar year
11 2010, HPD is fortunate that our calculated efforts
12 to stimulate and monitor our program growth have
13 succeeded in bringing to the City an additional
14 \$55 million in Federal funding. We expect to
15 honor all of our voucher commitments by leasing to
16 approximately 2,000 families, primarily living in
17 buildings in our housing development pipeline.

18 While it is true that the voucher
19 cap has generally brought our program to the point
20 of being attrition based, where we can only add on
21 as many participants as we lose each month, we are
22 still serving more families than ever before.

23 Further we are using vouchers to serve the
24 neediest New Yorkers primarily whose incomes are
25 at or below 30% of the area median income or those
who are homeless or require supportive housing.

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 40
2 WELFARE AND PUBLIC HOUSING

3 There is no question that the need
4 for Section 8 far exceeds the supply in New York
5 City, as is true in many places throughout the
6 country where voucher programs have actually
7 shrunk over the past year, however the proposed
8 2011 budget shows some promise. Full renewal
9 funding for the Section 8 program is proposed, in
10 addition proposals for 10,000 new vouchers for
homeless families.

11 The budget also proposes to lift
12 the voucher cap which would allow housing
13 authorities to serve more families within the
14 budget we are allocated. This crucial component
15 along with an array of cost-saving and
16 administrative efficiencies is also proposed with
17 the Section 8 voucher reform or SEVRA. We will
18 continue our lobbying efforts with NYCHA in
19 support of SEVRA and other proposed 2011 HUD
20 budget items.

21 We appreciate the Council's prior
22 support in regard to SEVRA and would welcome the
23 passage of a Council resolution to present to
24 Congress. Thank you and I'd be happy to answer
25 questions at the end of the testimonies.

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 41
2 WELFARE AND PUBLIC HOUSING

3 COMMISSIONER ROBERT V. HESS: Good
4 afternoon Chairwoman Palma, members of the General
5 Welfare Committee; Chairman Dilan and members of
6 the Housing and Buildings Committee; and
7 Chairwoman Mendez and members of the Public
8 Housing Committee; and Public Advocate de Blasio.
9 Thank you for the opportunity to testify before
10 you today. I am Robert Hess, Commissioner for the
11 Department of Homeless Services.

12 I'm here today to speak to the
13 Committees about DHS's homeless prevention efforts
14 and services New York City has to offer families
15 and individuals who are at risk of becoming
16 homeless.

17 Since 2006 Section 8 has been one
18 of a variety of tools we have used successfully to
19 prevent homelessness. As you know new vouchers
20 under the Section 8 program are presently
21 unavailable. But the Department of Homeless
22 Services will use all available options to prevent
23 families and individuals from entering or
24 reentering the shelter system.

25 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 to remain stably housed in the community.

As the City's community based homeless prevention program, Homebase, targets at-risk families and gives them the customized assistance when and where they need it most. Homebase helps families ensure--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 6 sites serving the most at-risk community district. It has since expanded to 13 sites in all 5 Boroughs, serving the entire City, ensuring that services are available to families in every community district.

Homebase offers both client community based services including the most frequently used services such as employment

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 43
2 WELFARE AND PUBLIC HOUSING

3 training and placement, benefits advocacy, housing
4 relocation assistance, legal referrals, and life
5 skills education including financial and household
6 budgeting. Additionally Homebase offices assist
7 our community members with case work and limited
8 short term financial assistance such as rent
9 arrears and rental deposits and broker's fees.

10 Homebase has assisted more than 17,700 individuals
11 since its inception, 90% of which remained in the
12 community for 1 year after receiving the services.

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

22 We also fund court-based services
23 to help the most vulnerable families retain their
24 housing. In 2005 we launched our Housing Help
25 Program in partnership with the New York City City
Court and the United Way of New York City. The

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 44
2 WELFARE AND PUBLIC HOUSING

3 program provides an innovative combination of
4 legal assistance and ongoing social service
5 supports to address the immediate housing crisis
6 and the longer term economic and social challenges
7 that can lead to recidivism and shelter entry.
8 Since 2005 Housing Help has served over 1,900
9 families with children and 95% of those served
10 have not entered the shelter system.

11 The DHS Homeless Prevention

12 Services are operated by the most highly regarded
13 organizations with deep roots in the communities
14 they serve. The services are accessible from over
15 30 storefront locations. In fact if you look
16 inside the folder we provided you, there is a map
17 of Homebase and Anti-Eviction Legal Services
18 offices. By dialing 311 families can find the
19 nearest service center and receive the help they
20 need to remain stable and independent in their
21 communities.

22 DHS closely monitors the efficiency
23 and the effectiveness of its prevention services
24 to ensure continuous quality improvement. We look
25 at how well we're serving our communities, the
quality of those services, and most importantly,

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 45
2 WELFARE AND PUBLIC HOUSING

3 the outcomes. Our Homebase Prevent Programs are
4 some of the most data driven in the country.
5 We've even retained independent evaluators to give
6 their assessment of our programs. Over the past
7 year we' partnered with SEDCO [phonetic] to
8 evaluate our court-based housing help program and
9 CUNY, Columbia University and the University of
10 Pennsylvania to conduct a rigorous examination of
Homebase.

11 Part of what makes DHS homeless
12 prevention services so effective is the way they
13 are integrated with other services throughout the
14 City, most notably the Homeless Prevention
15 Services offered by HRA. The Homeless Prevention
16 Services funded by DHS operate hand in hand with
17 services available through HRA. Every day we work
18 together to provide one-time emergency cash
19 assistance to eligible families and individuals
20 facing eviction and help with relocation
21 assistance to help our clients secure new housing.
22 Along with HRA and our providers we help eligible
23 families link to the Family Eviction Prevention
24 Supplement or FEPS which provides future ongoing
25 monthly rental assistance to families who are

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 46
2 WELFARE AND PUBLIC HOUSING

3 being evicted.

4 DHS is continuing to think
5 innovatively and creatively about how to prevent
6 homelessness. However in this difficult economic
7 climate, the one we face today, we must be
8 strategic in our use of limited resources. Some
9 have suggested the DHS should use stimulus dollars
10 to fund revoked Section 8 vouchers. I believe and
11 I know many of you agree that cutting our homeless
12 prevention program, that cutting our homeless
13 prevention programs to make up for the loss of
14 Federal assistance would be a huge mistake.

15 At the same time, we must offer as
16 many opportunities for our clients in need. To
17 that end DHS is creating a Homebase Housing Flex
18 Fund to support those needs that cannot be met
19 through other means. This \$1 million fund
20 maintained by stimulus dollars will be available
21 to our Homebase offices to assist any
22 disadvantaged client who finds themselves in
23 difficult times due to these unique circumstances
24 and is in need of assistance.

25 I would like to thank you for the
City Council's continued commitment to the issue

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 47
WELFARE AND PUBLIC HOUSING

2 of homelessness. And I look forward to working
3 with you as we work to find solutions to ensure
4 that any client affected by this crisis is served.
5 I recognize that together we are all committed to
6 finding housing stability for New York's homeless.
7 I am glad to answer any questions you may have.

8 CHAIRPERSON MENDEZ: Thank you. I
9 just want to inform everyone that Commissioner
10 Cestero had mentioned to me that he has to leave
11 at 2:30 but someone else from HPD will be here to
12 answer questions. So thank you Commissioner. And
13 I also wanted to thank you, at our last hearing
14 you did have staff here to listen to all the
15 public testimony. That was much appreciated by
16 many of us.

17 I am going to turn it over to my
18 colleague Council Member Palma to ask a question.
19 I will ask my questions at the end. And I'm going
20 to ask my colleagues to limit their questions to
21 three. And then at the end if there's an
22 opportunity--that way everyone can get a chance to
23 ask questions, and if there is an opportunity,
24 there'll be a chance for follow-up questions after
25 that.

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 48
2 WELFARE AND PUBLIC HOUSING

3 In addition we were joined by
4 Council Member Comrie who was here and stepped
5 out. And we've been joined by Council Member
6 Arroyo from the Bronx and Council Member Melissa
7 Mark-Viverito from Manhattan and the Bronx. [Off
8 mic] I mentioned Lander. Council Member Palms.

9 CHAIRPERSON PALMA: Thank you Madam
10 Chair. I'm going to ask two quick questions and
11 then I know that our Public Advocate has a couple
12 of questions before Commissioner Cestero has to
13 leave.

14 I'm interested in knowing, Chairman
15 Rhea, and you took us through the history on why
16 NYCHA had to make the decision to cut back on
17 these vouchers, I'm interested in hearing that
18 testimony two weeks ago. I guess the Committee is
19 really interested in knowing why were NYCHA
20 vouchers continued to be given out if the agency
21 knew that at some point you were going to go over
22 your budget and these vouchers were not going to
23 be able to be honored.

24 CHAIRMAN RHEA: Well I hope I made
25 it clear in my testimony as I talked about the
multi-variables that we're trying to manage

3 against. Predicting where NYCHA would end the
4 year was not something that was a science. And so
5 that's a very important point for me to reiterate.

6 As everyone knows I was appointed
7 in May and started in the job in June. When I
8 arrived in NYCHA, NYCHA management had already
9 determined that the Section 8 program for 2009 was
10 going to be a very close call. We were not,
11 obviously, in this situation alone. As my fellow
12 Commissioners stated HPD was experiencing
13 different dynamics but similar in terms of
14 constraints, potentially what their end of the
15 year would look like in terms of barely getting
16 over the threshold or not making it completely.
17 But we were also in a similar situation as almost
18 every other housing authority across the country.

19 Congress, as I mentioned, their
20 budget came out with, obviously, the change in the
21 Administration, and the challenges that the
22 economy was facing, their budget didn't come out
23 as normally planned. We didn't receive our budget
24 until May. So we were already five months into a
25 program, issuing vouchers to have 95% plus
utilization rate and doing what you all expect us

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 50
2 WELFARE AND PUBLIC HOUSING

3 to do which is to get as many families into
4 subsidized housing through the Section 8 program
5 as possible.

6 And as soon as Congress actually
7 issued their budget and then executed a rescission
8 of \$750 million across the country and \$58 million
9 from NYCHA, they immediately began trying to find
10 ways to mute the impact on housing authorities
11 because they realized at that point as they heard
12 from every housing authority across the country
13 and as they looked at the dynamics, that they had
14 created a problem.

15 You know, we understand the
16 challenges that Washington is facing in terms of
17 decision with budgets but the reality was they
18 knew as soon as we received our numbers that it
19 would be a very difficult year for housing
20 authorities to maintain their commitments to
21 families. Many housing authorities began
22 terminating participants from their programs
23 immediately. They were over their budgets as of
24 that--when they received their appropriation.
25 NYCHA had a roughly 13,000 vouchers on the street
at the time that we received our budget.

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 51
2 WELFARE AND PUBLIC HOUSING

3 A voucher holder as 6 months in
4 order to find an apartment. We had to go through,
5 you know, detailed analysis around what percentage
6 of those who were holding vouchers would actually
7 successfully complete the process. Normally that
8 number looked like closer to 65% of people who
9 have a voucher in hand would complete the process.
10 That number skyrocketed in terms of the numbers of
11 people who actually were successful in converting
12 a voucher into an apartment.

13 I described some of the dynamics.
14 That was based on the economy; it was based on
15 more landlords, being aggressive in wanting to
16 have Section 8 to deal with their own financial
17 situations and their buildings, a host of
18 complicated variables. But the reality was that
19 when you find out something in May and you already
20 have 13,000 vouchers on the street, it's not like
21 you can immediately pivot and make a decision to--
22 I mean we could have.

23 We made the determination that we
24 would not terminate vouchers at that period. What
25 we did immediately do which we thought was the
prudent thing was to suspend issuance of new

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 52
2 WELFARE AND PUBLIC HOUSING

3 vouchers from that point on onto to families under
4 duress which are those families recommended by DHS
5 and ACS and others that I described earlier.

6 We thought that was obviously the
7 prudent thing to do both as we looked at our
8 numbers on a weekly basis in consultation with HUD
9 and in consultation with the City, explaining what
10 our dynamics were as early as June, and having
11 weekly and monthly updates with HUD and regular
12 updates with the City on what the dynamics were
13 and where we thought we'd end the year.

14 We went from a number of
15 potentially ending the year as high as \$20 million
16 above to revising that number down to where we
17 ended the year which was closer to \$10 million.
18 That number fluctuated. It bounced around
19 depending on attrition rates, depending on success
20 factors and people getting into housing, and the
21 other variables I discussed.

22 Most importantly the reason we also
23 didn't take more draconian steps at that time was
24 because, number one, we had capacity under our
25 cap, you know, until people are in an apartment
and until we exactly utilize all of the money, it

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 53
2 WELFARE AND PUBLIC HOUSING

3 would have been quite irresponsible on our part to
4 begin suspending vouchers to families. We've got
5 a lot more families in housing as I described from
6 May until December than we would have if we had
7 terminated vouchers or stopped issuing vouchers at
8 that time.

9 Secondly we were taking very
10 aggressive steps which I'm happy to go through in
11 detail, working with our elected officials in
12 Washington. I began; my first trip down to D. C.
13 was in June, right after I arrived, again in July
14 and again toward the end of the year to request
15 additional Section 8 subsidies.

16 We did that in person. We did that
17 through our delegation in writing. And I went
18 through some of those requests that we made that
19 were denied. And we made significant
20 recommendations on advancing the appropriation for
21 the future year to be able to be used in last
22 year's budget to ensure we would be able to honor
23 all families and all outstanding vouchers.

24 The unfortunate fact is we got to
25 the end of the year and beyond the issue of our
funding capacity was the fact that we were over

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 54
2 WELFARE AND PUBLIC HOUSING

3 the voucher cap. And HUD demanded that we come up
4 with an action plan to immediately get into
5 compliance with our voucher cap requirement. And
6 that's when we took the action.

7 CHAIRPERSON PALMA: So before,
8 before December 2009 when you came to the year
9 end, NYCHA hadn't made HUD aware that they may
10 have been over?

11 CHAIRMAN RHEA: No. We, as early
12 as June we began having conversations with HUD
13 about the risk of us being able to have sufficient
14 funding to support our program. And HUD made it
15 very clear at that time that although they had
16 made a number of additional pots of money
17 available, one was \$100 million funding shortfall
18 pool of money that they created which NYCHA
19 requested money out of that pool and that money
20 was given to other agencies around the country,
21 including HPD, I believe. Received some money
22 from that \$100 million--

23 CHAIRPERSON PALMA: [Interposing]
24 And NYCHA didn't receive any.

25 CHAIRMAN RHEA: NYCHA received
zero.

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 55
WELFARE AND PUBLIC HOUSING

2 CHAIRPERSON PALMA: Okay.

3 CHAIRMAN RHEA: We also, there was
4 additional money that was made available by HUD,
5 an \$89 million set-aside. We requested money from
6 that which we received zero. So we were in
7 constant consultation with HUD on the status of
8 our program, on the risk of us not having
9 sufficient funding, and on the actions that we
10 were taking in order to manage our program. HUD's
11 recommendation to NYCHA was terminate families or
12 do what you need to do locally to deal with your
13 problem.

14 CHAIRPERSON PALMA: Do you know if
15 any other public authority around the country
16 received any of that funding or it was just?

17 CHAIRMAN RHEA: No, no, many--many,
18 many authorities around the country received--that
19 \$100 million was all allocated to authorities
20 around the country.

21 CHAIRPERSON PALMA: Except for our
22 here in New York City--

23 CHAIRMAN RHEA: [Interposing] Well
24 NYCHA Was one of many that didn't receive
25 anything. And I--it's important for me to

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 56
2 WELFARE AND PUBLIC HOUSING

3 reiterate the size of New York City's program,
4 whether it be public housing or whether it be
5 Section 8 creates very difficult challenges for
6 HUD when they have a small pool of money to
7 allocate. NYCHA's request alone would have taken
8 up one-fifth of the money that they had to
9 allocate across the country.

10 I asked for that one-fifth and we
11 made very clear why we felt that our residents and
12 citizens were obviously more than worthy of
13 receiving that subsidy but in all fairness to HUD
14 I recognize that they were playing with a very
15 limited pool of money to deal with a nationwide
16 problem which was a billion dollar problem.

17 CHAIRPERSON PALMA: Okay. Thank
18 you. I have a couple more questions but I'm going
19 to turn it over to the Public Advocate and then
20 we'll continue.

21 PUBLIC ADVOCATE DE BLASIO: Thank
22 you very much Chair Palma. Just two quick
23 questions. I understand obviously that we were
24 put in a situation by actions in Washington. I
25 think we all share a lot of your frustration. I
think Commissioner Hess' point about not

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 57
2 WELFARE AND PUBLIC HOUSING

3 undercutting prevention programs; I take to heart
4 because we fought in this body for a long time to
5 get prevention programs.

6 So I would say it this way, I think
7 making these 2,000 to 3,000 people whole, to me,
8 is an absolutely priority but I think it would be
9 better if we could not do so at the expense of
10 prevention programs which comes back to the
11 question of whether there is an option with vacant
12 NYCHA units as they come online, either through
13 vacancy or through rehab.

14 So Chair Rhea, I know that's not a
15 simple matter. And you and I have talked about
16 this and I understand there's plenty of room for
17 disagreement. But is that functionally an option
18 to help solve this crisis in less than a year?

19 CHAIRMAN RHEA: We don't believe
20 so. As much as I recognize the pain that these
21 families are in and all of our desire and hard
22 work to find a solution, we think that it's very
23 challenging, and that's an understatement, to make
24 public housing available to the affected Section 8
25 voucher recipients.

First of all most of the voucher

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 58
2 WELFARE AND PUBLIC HOUSING

3 holders were not public housing applicants.

4 Therefore they're not eligible for public housing.

5 As I think all of you are aware, there are two
6 separate processes to be approved and certified
7 for Section 8, approved and certified for public
8 housing. There are two separate waiting lists.

9 The waiting list that public housing currently
10 stands at over 125,000 people. And the Section 8
11 waiting list was similarly long.

12 So applicants had the ability to be
13 on both waiting lists if they were eligible to
14 apply for both Section 8 and for public housing.
15 And in this case, I'm pretty comfortable saying
16 that none of the Section 8 voucher recipients who
17 were terminated were on the public housing waiting
18 list.

19 Additionally skipping the list,
20 meaning you're saying give priority to these
21 recipients even though they're not necessarily
22 eligible, make public housing available to them,
23 we think skipping the list is bad policy and it
24 would make NYCHA subject to legal action.

25 Again as I think most of this
Committee is aware, NYCHA is subject, it's tenant

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 59
2 WELFARE AND PUBLIC HOUSING

3 selection assistance plan, TSAP is mandated
4 through court consent decree. We have to manage
5 that program and the selection process in a very
6 well-defined approach. And so that's not
7 something we can just make a decision to adjust
8 the process by which we take people off of our
9 waiting list and move them into the next available
10 apartment.

11 It's also very important to note
12 that most people on the waiting list have been
13 waiting for anywhere between five to ten years on
14 the public housing waiting list. We think,
15 obviously, it would be at a minimum unfair to
16 assume that those families who've been waiting
17 desperately to get into public housing and who are
18 next or in line on a waiting list that would be
19 bumped by, although very deserving families who
20 had a Section 8 voucher, is not in any way the
21 right approach to deal with that challenge.

22 PUBLIC ADVOCATE DE BLASIO: All
23 right. Chair Rhea, I'm just going to say, and one
24 other question for the panel, but Chair Rhea just
25 to say I understand the complexities to say the
least. No one's saying this is easy. I think the

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 60
2 WELFARE AND PUBLIC HOUSING

3 notion that the Administration would simply allow
4 this problem to continue unaddressed or only
5 partially addressed, I think again, for a lot of
6 us it's just unacceptable. So if all of you are
7 coming here today with a very specific plan and
8 timeline to get everyone their vouchers, I think
9 we've be having a different discussion. And no
10 one's saying you asked for this problem or it's a
11 fun problem to have.

12 But I would say a little bit in the
13 vein of desperate times require desperate measure
14 that we should look at an extraordinary step like
15 making some of these units available because, and
16 I've talked to a lot of people, no one I've talked
17 to believes there's precedent for vouchers being
18 taken back in this fashion. And I think for a lot
19 of us it is unacceptable to see it happen here and
20 not be answered. And we don't like the precedent
21 it sets going forward. So I would--

22 CHAIRMAN RHEA: [Interposing] Can I
23 just respond. I want to respond to the second
24 part of your statement. It's actually--that's not
25 the case. Vouchers have been terminated across
the country. The Section 8 program--

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 61
WELFARE AND PUBLIC HOUSING

2 PUBLIC ADVOCATE DE BLASIO: We're
3 talking about New York City.

4 CHAIRMAN RHEA: The Section 8
5 program is a funds available and voucher available
6 program. As--even in NYCHA's annual plan which we
7 issued in July, we were very clear in the annual
8 program that the vouchers that Section 8
9 recipients were holding, that if the current run
10 rate continued through the year end that it was
11 probable, highly probable that the vouchers that
12 they were holding would not be honored.

13 I'm not suggesting in any way and
14 I'm sure my fellow Commissioners and I would like
15 to share with you the things that we are working
16 on but I'm not trying to suggest in any way that
17 that's a decision that was made lightly. But the
18 program is conditional.

19 PUBLIC ADVOCATE DE BLASIO: Mr.
20 Chairman, I'm not arguing that point. I wish it
21 wasn't but I understand your point. I'm saying
22 I've talked to a lot of people who are experts in
23 this field; no one can name me a time when a mass
24 of vouchers or similar benefit was taken back.
25 And the precedent it sets--a lot of things have

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 62
2 WELFARE AND PUBLIC HOUSING

3 been happening in government in the last few years
4 that we've never seen before.

5 So forgive us, all of us in our
6 various oversight roles, if we would say we don't
7 want to see a bad precedent set that could then
8 justify other benefits being taken back. This
9 goes far beyond the boundaries of NYCHA, this
10 discussion.

11 It's a troubling phenomenon that in
12 my view doesn't represent the way that we've
13 approached government in New York City. And even
14 if your hands have been to some extent tied, I
15 think it is crucial that we get to a quick
16 solution to say we will not let this precedent
17 stand in history as something that might be
18 acceptable in the future.

19 One last question, I think for
20 Commissioner Hess, as I understand it, give or
21 take 100 of the people who have lost vouchers or
22 had vouchers suspended in this situation were
23 young people aging out of foster care. And that
24 in fact some of them ended up on the shelter
25 system. And I know this is a question that's
relevant to you because of your management of the

shelter system.

If ACS was here I'd ask them as well. But State law mandates that the City provide a clear path for any young person coming out of foster care, some kind of path to education, employment, housing, something. For these young people to have lost their vouchers, just when they're supposed to be finding their way on their own after a very troubled youth only compounds their problem. And then if they end up in a shelter I dare say more so.

Is there any plan in particular to make sure that any young people aging out of foster care get some immediate solution?

COMMISSIONER HESS: I know that I did talk to Commissioner Mattingly briefly about this subject. And I know that he is very concerned about it and working on this very issue. And I think he has some ideas around this that will be helpful. I can tell you, Public Advocate, to the extent that any of those children have--or young people have found their way to the shelter system, as of today, they're still eligible for the same advantage benefits that they were prior

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 64
2 WELFARE AND PUBLIC HOUSING

3 to the Section 8 problem.

4 PUBLIC ADVOCATE DE BLASIO: If I--
5 could you just take a look at those individual
6 cases and see what could be done to help make sure
7 they get to some more suitable housing as quickly
8 as possible? 'Cause again--

9 COMMISSIONER HESS: [Interposing]
10 Yes.

11 PUBLIC ADVOCATE DE BLASIO: --by
12 State law we shouldn't let these kids down.

13 COMMISSIONER HESS: We will
14 certainly work closely with ACS on that.

15 PUBLIC ADVOCATE DE BLASIO: Thank
16 you. And thank you Chair Palma and Chair Mendez
17 and Chair Dilan.

18 CHAIRPERSON DILAN: Thank you Mr.
19 Public Advocate. And I'm going to be direct with
20 my three questions so we can get on with the
21 proceedings. But to Chairman Rhea, there seems to
22 be a lot of confusion about the housing options
23 available to the affected population that we are
24 speaking of that will lose their Section 8 or have
25 lost their Section 8 vouchers.

I guess could you, one, just, I'm

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 65
2 WELFARE AND PUBLIC HOUSING

3 not certain that you did it in your testimony but
4 clarify how many people we're talking about. We
5 have numbers in our briefing papers; the press has
6 certainly put a number on it. But I'd like for
7 you to put a number on how many individuals we're
8 talking about. And what housing options in terms
9 of subsidy are now available for these families,
if any?

10 CHAIRMAN RHEA: I'd like to address
11 the specific question about the numbers and then
12 if I can I'd like to ask my fellow Commissioner to
13 address the steps that we're taking with our
14 Advantage program and other programs to deal with
15 the populations because the largest share--

16 CHAIRPERSON DILAN: [Interposing]
17 I'll get to that but I just want to know
18 specifically--

19 CHAIRMAN RHEA: Right.

20 CHAIRPERSON DILAN: --NYCHA
21 options. And I'll address that with one of my two
22 other questions toward the...

23 CHAIRMAN RHEA: Well it's a short
24 answer then. The number affected is 2,597, 2,597.
25 Of that 2,597 there are 1,115 DHS clients; 131 ACS

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 66
WELFARE AND PUBLIC HOUSING

2 referrals; 52 intimidated witnesses; 492 victims
3 of domestic violence; and then there are 380 who
4 fit into what we call the non-emergency category,
5 people who had received vouchers before we stopped
6 only issuing vouchers to those who were in
7 emergency situations. So those are the numbers.
8 And other than Section 8 and public housing, NYCHA
9 has no other housing options.

10 CHAIRPERSON DILAN: So they'd have
11 to seek some other remedy to, I guess, eliminate
12 or make up for the problem that they were put into
13 by the Federal government.

14 We understand that NYCHA has said
15 that those individuals who already have scheduled
16 an apartment inspection will be allowed to
17 continue with the process to secure their
18 apartment. Is this accurate and does that mean
19 that their voucher will be honored?

20 CHAIRMAN RHEA: So of the 2,000,
21 the numbers that I just gave you, there were
22 voucher holders who actually had appointments
23 scheduled. And there were voucher holders who had
24 not scheduled appointments, they were in different
25 phases. A recipient who maybe received their

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 67
2 WELFARE AND PUBLIC HOUSING

3 voucher in October, November was probably very
4 early in their process and hadn't yet gotten to
5 the stage where they had identified an apartment,
6 had come to NYCHA with their completed packet,
7 with the location of the apartment so we could
8 begin scheduling appointment and certification
9 process. Inspection and certification process.

10 There were those who were farther
11 along in their process who had gotten to that
12 stage. So what I said, to give the exact numbers,
13 there were 665 that had appointments and 1,932, if
14 my numbers are correct, that didn't have
15 appointments. So the lion's share had not gotten
16 to the appointment stage.

17 When we announced that we were
18 going to have to terminate the vouchers of those
19 families that are in question here today, there
20 were voucher holders who had already scheduled
21 appointments. And what we said at that time is
22 that we would honor all vouchers--even though we
23 were over our cap at that point, we would--but
24 they had appointments scheduled through year end,
25 we would honor all of those appointments and
assuming their certification was appropriate,

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 68
2 WELFARE AND PUBLIC HOUSING

3 their voucher would become active and effective
4 and they would be in those units.

5 CHAIRPERSON DILAN: Great. Thank
6 you very much. And then my final question will be
7 addressed to both Commissioner Cestero and
8 Commissioner Hess. And I know Commissioner Hess
9 you, in your testimony, talked about the housing
10 flex fund to support--but I guess could you both
11 just kind of elaborate what type of actions your
12 agencies respectively will be doing to help solve
13 this problem?

14 And for Commissioner Hess, if the
15 housing flex fund is the only thing then say that
16 but if there are other options I'd rather hear
17 about those other options outside of housing flex.

18 COMMISSIONER HESS: You know, thank
19 you Mr. Chairman. The, any individual including
20 those that may find themselves, they used to have
21 a voucher, may find themselves now at risk of
22 homelessness can certainly come into any of our 13
23 Homebase sites across the City. And we'd
24 encourage them to dial 311 and get to the site
25 that's closest to them.

As you might imagine the issue of

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 69
2 WELFARE AND PUBLIC HOUSING

3 being able to stay in the community and prevent a
4 family with children from needing to come into the
5 shelter system is an extraordinarily personal
6 situation that's very unique to that family. And
7 so whatever the needs of that family are, we want
8 to do everything we can do through Homebase to
9 support them in the community and not need them to
enter the shelter system.

10 What we've done that we've
11 announced here today is create an additional fund.
12 In addition to all the things that Homebase can do
13 that I talked about in my testimony and in
14 addition to all the homeless prevention support
15 and cash assistance that's available through HRA
16 and we really manage that seamlessly with HRA for
17 the most part, in addition to all that because of
18 the unique circumstance we're faced with here
19 today we've allocated an additional million
20 dollars in a Homebase Flex Fund.

21 So if there is something that we
22 can't handle to help a family, the family needs to
23 remain stably housed in the community, but for
24 some reason we can't do it through existing
25 Homebase funds or existing HRA funding, we'll draw

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 70
WELFARE AND PUBLIC HOUSING

2 on that flex fund. And so we've taken this very
3 seriously. We understand how difficult this
4 situation is. And we have established this new
5 fund to try to help people to keep from falling
6 through the cracks.

7 COMMISSIONER CESTERO: So Chairman
8 Dilan the major constraining fact for HPD is the
9 fact that we are at 99% utilization in our voucher
10 program now. And we have existing commitments
11 going into this year. So while we did get \$55
12 million of additional funding through--in our 2010
13 budget, that will allow us, if our attrition rate
14 stays on pace, that will allow us to make good on
15 those commitments to the homeless set-side units
16 that we've created through our New Housing
17 Marketplace Plan program or for buildings that
18 we're preserving with families in place who need
19 the vouchers to be able to stay in their homes.

20 That's our priority. We think we
21 can do that, lease up an additional 2,000
22 vouchers. And in terms of, you know, creating
23 more flexibility within the voucher program, the
24 other thing that I talked about which I think is
25 critically important is our continued efforts

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 71
2 WELFARE AND PUBLIC HOUSING

3 collectively to see that the Section 8 voucher
4 reform legislation in Washington is passed so that
5 it will lift the cap and give us much greater
6 flexibility to be able to be responsive as we go
7 through future cycles of Section 8 funding.

8 But our resources are extremely
9 constrained for the same reasons that NYCHA's are
10 in the Section 8 program.

11 CHAIRPERSON DILAN: Okay.

12 Obviously I have more questions but due to the
13 parameters that the Chairs have set out, I'm going
14 to follow up in writing with any follow-up
15 questions that I may have. And like I said at the
16 outset, I'm interested in working with all of you
17 to solve this problem. And I know that our
18 budgets here in the City and State level obviously
19 are very constrained. But in my opinion we made a
20 commitment to approximately 2,600 New Yorkers and
21 one way or another that commitment should be
22 honored. Thank you.

23 [Applause]

24 CHAIRPERSON PALMA: Council Member
25 Lander followed by James, then Williams.

COUNCIL MEMBER LANDER: Thanks very

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 72
2 WELFARE AND PUBLIC HOUSING

3 much to the trio of Chairs here and to the trio of
4 panelists as well. A couple of things, first I
5 just want to make clear that I've got deep respect
6 for what all three of you individually and as your
7 agencies are doing to seek to provide affordable
8 housing to low income families and to keep
9 families of the street and to provide services.

10 Much of the testimony that you gave
11 is related to some larger policy questions about
12 linking and delinking shelter and subsidy, about
13 how we address the challenge that we have many
14 more people who are in desperate need of
15 affordable housing than we have resources to
16 provide them. And how do we prioritize amongst an
17 impossible set of questions.

18 But I really think the issue today
19 is much more focused and that there's a core
20 question that I sense we just have some
21 disagreement on. And I would like to get a little
22 more clarity about it. I think the core question
23 is, is there any obligation or priority created by
24 the implicit promise in giving families the
25 voucher before we rescinded them?

And if there is, if some kind of

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 73
2 WELFARE AND PUBLIC HOUSING

3 promise, not an absolutely promise, we have
4 careful lawyers to make clear that we've got the
5 right to rescind it, but if some kind of priority
6 or obligation is created as a result of giving
7 these families vouchers, creates some priority and
8 gives us collectively as the City some obligation
9 to serve them.

10 And I think we encourage families
11 and obviously this Administration has put a lot of
12 emphasis on responsibility in its range of
13 programs, appropriately, and that includes asking
14 people to live up to their word when they give it.
15 But I am reminded of, you know, that, I think it's
16 an insurance company, that's probably the worst
17 example to give but that radio commercial, you
18 know, responsibility, what's your policy.

19 And I feel a little bit like what
20 we're saying is our policy is when you give your
21 word you ought to keep it but when the City gives
22 its word, yeah, sometimes, sometimes not. And so
23 I guess my first question is just because if you
24 don't accept that we've got some additional
25 responsibility or obligations as a result of
giving them a voucher, then I agree, there's no

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 74
2 WELFARE AND PUBLIC HOUSING

3 point in talking about what the solutions would
4 be.

5 If you do believe it, we've got a
6 good range of policy tools and we could give them
7 some additional priority that would help these
8 families get housing. If not, you say well
9 there's lots and lots of poor families, we don't
10 have enough resources. I'm sorry. And I feel
11 like that's the divide between us.

12 So I guess my first question is,
13 the most fundamental one, do you believe any
14 amount of priority or obligation or responsibility
15 exists to the City to these families specifically
16 as a result of us giving them a voucher which we
17 subsequently rescinded?

18 CHAIRMAN RHEA: I'm happy to start.
19 I will speak for myself and personally and then
20 for NYCHA. We have an incredible responsibility
21 to New Yorkers to do the best we can with the
22 funds and the responsibilities that we've been
23 given to secure safe and affordable quality
24 housing for them. And I take that charge
25 seriously and I know every single one of the
almost 12,000 employees in NYCHA takes that charge

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 75
2 WELFARE AND PUBLIC HOUSING

3 very seriously. And I'm very proud of the way in
4 which we discharge our duties daily.

5 There are over 175,000 families
6 that are served in public housing which equates to
7 more than 400,000 people. There are over 101,000
8 families as I said earlier that are being served
9 currently through the NYCHA administered Section 8
10 program, not counting the HPD program which
11 affects another 250,000 people in those units.

12 So over 650,000 people are being
13 served by NYCHA's work between public housing and
14 Section 8. And we have a huge responsibility to
15 those families. So I don't want anyone to somehow
16 think that we don't think there's a moral as well
17 as professional and social responsibility to take
18 care of those families and we take that job
19 seriously.

20 In terms of the Section 8 program,
21 it's really not about my belief or about NYCHA's
22 belief, it's about what the program is and isn't.
23 And the program is clearly subject to available
24 funding and to available vouchers. It's written
25 in many, many places in the information we share
with applications, when we counsel applicants, we

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 76
2 WELFARE AND PUBLIC HOUSING

3 share with them that the program is a subject to
4 availability program. When we publish our
5 information like our annual plan we reference that
6 and we talk about the real specific implications
7 of that as it relates to our current funding
8 challenges.

9 So we have a huge responsibility to
10 communicate and counsel and to make sure that
11 recipients of the vouchers understand what they do
12 have as a right and what they don't have. And we
13 have a huge responsibility as public servants to
14 protect their rights and to be their advocates
15 around what they should expect. At the same time
16 we have to comply with the program.

17 Immediately upon understanding that
18 we were going to have a challenge in the Section 8
19 program, NYCHA began working with all parts of
20 government, our sister agencies, City Hall,
21 members of City Council were aware of this, as
22 well as at the Federal level and the State level.
23 So we didn't say we may run out, oh boy if we run
24 out that's not our problem. We began to work
25 diligently to try to protect every single one of
these families.

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 77
2 WELFARE AND PUBLIC HOUSING

3 COUNCIL MEMBER LANDER: Well first
4 I'll give due respect and I certainly didn't mean
5 to question in any way the broader responsibility
6 the agency feels to New York City. I asked a
7 simple question to which I think you answered no.
8 I don't doubt that you have the legal right to
9 rescind these vouchers.

10 There may be some people in this
11 room that do and will consider lawsuits but I'm
12 sure that you were careful and that you
13 communicated in the annual plan and in the packets
14 that you gave to families that you have every
15 right to rescind their vouchers. And I know that
16 you've got the right to rescind the vouchers of
17 existing holders of them who have had them subject
18 to funding.

19 But it is my belief, and I believe
20 it's the belief of most people who would just
21 think that some responsibility, some priority,
22 some obligation, not a right, is created by the
23 fact that you gave those folks letter that said
24 you've got a Section 8 voucher--

25 CHAIRMAN RHEA: [Interposing] Well
we're--

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 78
WELFARE AND PUBLIC HOUSING

2 COUNCIL MEMBER LANDER: --and that
3 it would merit therefore, some effort to
4 specifically help those families with some of the
5 kinds of steps that we could take to do it without
6 totally upsetting the apple cart of how we address
7 homeless and housing in New York City but--

8 CHAIRMAN RHEA: [Interposing] I
9 don't agree.

10 COUNCIL MEMBER LANDER: --I've been
11 no effort on the part of the Administration to say
12 we've got any particular responsibility to these
13 sets of families as a result of handing them
14 something and taking it back. And we're going to
15 therefore do something that recognizes that
16 specific obligation or priority that was created
17 as a result--

18 CHAIRMAN RHEA: [Interposing] With
19 all respect I disagree with your characterization.
20 Number one, we made it clear that these voucher
21 holders would have priority when funding is
22 available for Section 8. Number two--

23 COUNCIL MEMBER LANDER:
24 [Interposing] They had that already.

25 CHAIRMAN RHEA: --let me--

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 79
WELFARE AND PUBLIC HOUSING

2 COUNCIL MEMBER LANDER: They were
3 on top--

4 CHAIRMAN RHEA: [Interposing] No--

5 COUNCIL MEMBER LANDER: --the top
6 of the list but you haven't given them anything by
7 leaving the top of the list--

8 CHAIRMAN RHEA: [Interposing] No
9 once they're terminated, technically we don't have
10 a responsibility--we don't--the requirement is not
11 that they have a priority status. We decided that
12 they should have a priority status if money
13 becomes available in the future.

14 Number two, we began working and we
15 are working jointly with other members of DHS,
16 ACS, City Hall, the State, the Feds to come up
17 with other funding options for these families.

18 Third, we had to make a very
19 difficult decision between what do we do with
20 existing families. We are still suffering a more
21 than \$20 million shortfall in this program. So
22 you asked about our commitment to families, you
23 know, technically, you know, as we talk with HUD
24 and others, they keep asking us what are you doing
25 about the shortfall you have with--being over your

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 80
2 WELFARE AND PUBLIC HOUSING

3 cap and the \$20 million that you certainly have
4 not identified a funding stream for. We are,
5 right now, taking care of those families. So I
6 want to be very clear. We take this very
7 seriously and we are working collectively to have
8 solutions.

9 COUNCIL MEMBER LANDER: I respect
10 the commitment precisely that you've made to
11 families to not pull their vouchers once they get
12 them. I think if you had been here, you know, two
13 weeks ago when we heard from what happened with a
14 lot of the families that we gave vouchers to and
15 pulled them before they were able to pull the
16 trigger, you would feel the same--that we had a
17 similar obligation to make them whole. But thank
18 you. And let me ask a question, one question for
19 DHS and one question for HPD.

20 To DHS, I know that you indicated
21 that you don't believe that use of stimulus funds
22 is--well I guess this is both DHS and NYCHA
23 because I think Mr. Chairman what you said is
24 they're not on the, you know, they didn't
25 necessarily apply for NYCHA. They're not on the
NYCHA waiting list. But we believe that if DHS

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 81
2 WELFARE AND PUBLIC HOUSING

3 referred these folks to NYCHA they would have
4 priority for NYCHA units.

5 And I just want to clarify whether
6 you agree that that's true and is something within
7 your power to do. you've made clear you don't
8 think it's a good idea. But I, you know, we
9 believe that it's within the power of the City for
10 DHS to refer families to NYCHA, obviously this is
11 a question, do they want the units, they would
12 then become priority families for NYCHA units and
13 we might take care of a substantial number of
14 families in that way.

15 COMMISSIONER HESS: Maybe I'll
16 start with what may be the easier part of that
17 question, or not. With respect to the stimulus
18 funding we are funding our prevention activities
19 with stimulus dollars now.

20 So to the extent that anyone who
21 was affected by the loss of a voucher is at risk
22 of becoming homeless they can walk in today to any
23 of the 13 Homebase sites across the City and
24 receive services funded by stimulus dollars. And
25 we think that's the right approach. That allows
us to serve not only them but to serve thousands

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 82
2 WELFARE AND PUBLIC HOUSING

3 of others, New Yorkers, that find themselves
4 during this incredibly difficult economic downturn
5 at risk of becoming homeless and provides a real
6 option to coming into a shelter system.

7 And so we think that's the broadest
8 and best use of our stimulus dollars currently.

9 Notwithstanding that we understand that this is a
10 unique situation and a unique cohort of
11 individuals who have list their vouchers that may
12 have some specific needs that traditional programs
13 may not be able to address for some reason. I
14 don't know that for sure. But because there is
15 that risk and because this is such a unique cohort
16 of individuals, we have created a \$1 million
17 Homebase Flex Fund to be able to better address
18 what may be unique needs of that specific
19 population. So I hope that answers that part of
20 the question.

21 COUNCIL MEMBER LANDER: Yes. Yeah.

22 CHAIRMAN RHEA: So I'm sure as most
23 of the Committee is aware, there was a policy
24 decision made to delink DHS homeless referrals to
25 NYCHA for public housing. That policy decision
was made, it still stands, and that's where we are

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 83
2 WELFARE AND PUBLIC HOUSING

3 currently.

4 Secondly--

5 COUNCIL MEMBER LANDER:

6 [Interposing] You changed the annual plan to take
7 away DHS' referral right as part of that policy or
8 no--?

9 CHAIRMAN RHEA: [Interposing] No
10 the annual plan was not changed--

11 COUNCIL MEMBER LANDER:

12 [Interposing] All right.

13 CHAIRMAN RHEA: --we did not change
14 the annual plan.

15 COUNCIL MEMBER LANDER: So a policy
16 decision by the Administration is that you don't
17 want to have DHS referrals to NYCHA.

18 CHAIRMAN RHEA: There's a whole--I
19 mean it's a longer discussion but there was a
20 decision--that policy decision was done after a
21 lot of debate and a lot of discussion long before
22 my arrival. I understand the issues. And I don't
23 want to Monday morning quarterback it--

24 COUNCIL MEMBER LANDER:

25 [Interposing] And I don't want to debate them here
today--

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 84
2 WELFARE AND PUBLIC HOUSING

3 CHAIRMAN RHEA: --right.

4 COUNCIL MEMBER LANDER: --this is
5 not for that.

6 CHAIRMAN RHEA: So the second part
7 of your question is we have the capacity to
8 change--make changes to our current process. And
9 this one was not one that we actually eliminated.
10 So it is still technically, could be incorporated
11 into our application process and selection.
12 Having said that, leaving the policy issue aside,
13 let's just talk pure logistics.

14 If you were to refer these 2,600
15 into--well first not all 2,600 are DHS, but if you
16 took the DHS components of those and referred them
17 to NYCHA they would then have a priority status
18 and be part of the selection process. It could
19 take years for each of these individuals to
20 actually be placed into a NYCHA apartment. That's
21 just on the logistical side.

22 COUNCIL MEMBER LANDER: No I
23 appreciate that. I mean I think as you heard
24 before Council Member James and I have legislation
25 that we're going to introduce that would direct
DHS to issue vouchers to these eligible

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 85
WELFARE AND PUBLIC HOUSING

2 individuals to you and then we look forward to
3 talking about the logistics of how we're going to
4 do it in as timely a manner as we can.

5 My two questions--that's two
6 questions but they've been long--

7 CHAIRMAN RHEA: [Interposing]
8 Council Member--

9 CHAIRPERSON PALMA: [Interposing]
10 No but you had some follow-ups.

11 [Crosstalk]

12 COUNCIL MEMBER LANDER:
13 [Interposing] All right I'll wait for my turn--

14 CHAIRPERSON PALMA: If you've got
15 another question you go on the next round.
16 Council Member James.

17 COUNCIL MEMBER LANDER: -- -- gets
18 of the hook.

19 COUNCIL MEMBER JAMES: I didn't
20 mind. I didn't mind Council Member Lander since
21 you're from the brownstone development.

22 CHAIRPERSON PALMA: We can count
23 them to your questions if you like.

24 [Crosstalk in the background]

25 COUNCIL MEMBER JAMES: So. Okay.

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 86
WELFARE AND PUBLIC HOUSING

2 So never in the--this is not to the three
3 Commissioners who are before me but it's important
4 that I make a statement. Never in the history of
5 the Section 8 program has there been a mass
6 termination of Section 8 vouchers. And
7 notwithstanding the moral and professional
8 responsibilities of all of you and your staff, it
9 is my belief that this population and this
10 constituency has never been a priority for this
11 Administration. And that is why--

12 [Applause]

13 [Gavel banging]

14 COUNCIL MEMBER JAMES: So we have a
15 clap here in the City Council and it goes like
16 this.

17 CHAIRPERSON DILAN: Council Member,
18 I'd like to ask if you could--

19 COUNCIL MEMBER JAMES:
20 [Interposing] Get to a question, sure.

21 CHAIRPERSON DILAN: --get to a
22 question please.

23 COUNCIL MEMBER JAMES: And that is
24 why we find ourselves in this situation. And I
25 just want to say that I was particularly troubled

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 87
2 WELFARE AND PUBLIC HOUSING

3 that the decision to rescind the vouchers happened
4 during the holidays and I believe that was
5 extremely heartless. I also believe that the City
6 notwithstanding the fiscal climate can and would
7 find the money if the political will was there and
8 if these individuals represented a different
9 constituency. That being said, do each of the
10 agencies have any reserve funds? And if you have
11 reserve funds, how much and for what purpose?

12 COMMISSIONER HESS: DHS, no.

13 MR. DOUGLAS APPLE: HPD is at 99%
14 utilization Councilwoman as we talked about
15 before. So therefore under Federal law we're
16 precluded using any funds for vouchers above our
17 cap.

18 COUNCIL MEMBER JAMES: But do you
19 have--

20 CHAIRPERSON PALMA: [Interposing]
21 Can you identify yourself for the record please?

22 MR. APPLE: Sorry. I apologize.
23 I'm Douglas Apple and I'm the First Deputy
24 Commissioner in HPD filling in for the
25 Commissioner.

COUNCIL MEMBER JAMES: So the

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 88
2 WELFARE AND PUBLIC HOUSING

3 question--so the answer to the question is no?

4 MR. APPLE: We do have reserve
5 funds. Unfortunately we're unable to use those
6 funds pursuant to Federal law.

7 COUNCIL MEMBER JAMES: How much
8 reserve funds do you have?

9 MR. APPLE: We currently have \$22
10 million in reserve funds.

11 COUNCIL MEMBER JAMES: And the
12 reserve funds that you have, what's the purpose
13 for those reserve funds?

14 MR. APPLE: Those reserve funds
15 were used in 2009 to fund HPD's deficit which was
16 \$11 million and the remaining funds will be used
17 in 2010 if we ended up having a deficit in that
18 year.

19 COUNCIL MEMBER JAMES: Is HPD
20 holding \$20 million as part of a program to
21 convince developers to convert to affordable
22 housing?

23 MR. APPLE: As you know
24 Councilwoman, the Speaker of the City Council and
25 the Commissioner of HPD last July--

COUNCIL MEMBER JAMES:

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 89
WELFARE AND PUBLIC HOUSING

2 [Interposing] Yes.

3 MR. APPLE: --announced a program,
4 HARP--

5 COUNCIL MEMBER JAMES:

6 [Interposing] Yes.

7 MR. APPLE: --the Housing Asset
8 Recovery Program--

9 COUNCIL MEMBER JAMES:

10 [Interposing] Yes.

11 MR. APPLE: --to identify up to 400
12 units of housing, affordable housing, to preserve
13 and save. We are in the middle of working through
14 the sites for that program.

15 COUNCIL MEMBER JAMES: Okay.

16 MR. APPLE: And excited about the
17 idea of being able to serve low income New Yorkers
18 through--

19 COUNCIL MEMBER JAMES:

20 [Interposing] So is the \$20 million there or is it
21 all used?

22 MR. APPLE: We are in the process
23 now of allocating the funds and--

24 COUNCIL MEMBER JAMES:

25 [Interposing] The entire amount?

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 90
WELFARE AND PUBLIC HOUSING

2 MR. APPLE: I would have to get you
3 back exactly where we are but I want to reiterate-
4 -

5 COUNCIL MEMBER JAMES:

6 [Interposing] No I understand.

7 MR. APPLE: --that we're serving
8 again needy populations that have tremendous
9 housing requirements as well.

10 COUNCIL MEMBER JAMES: Well I just
11 wanted to know how much of those funds have been
12 utilized. And so if you can get that information
13 to me that would be helpful. I want--it's my
14 understanding that developers are not taking
15 advantage of the program. They're in fact riding
16 out this recession--

17 CHAIRPERSON DILAN: [Interposing]
18 Guys. I've got to jump in 'cause this is a
19 hearing on Section 8 but--

20 COUNCIL MEMBER JAMES:

21 [Interposing] So I just wanted to know how much
22 money you have left.

23 CHAIRPERSON DILAN: Council Member-
24 -

25 MR. APPLE: [Interposing] Yeah.

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 91
WELFARE AND PUBLIC HOUSING

2 CHAIRPERSON DILAN: --I think you
3 may still have a question left.

4 COUNCIL MEMBER JAMES: Yes--

5 MR. APPLE: [Interposing] I was
6 just going to answer the--

7 CHAIRPERSON DILAN: [Interposing]
8 But--no, no, I think we need to move away from
9 HARP--

10 MR. APPLE: [Interposing] Just on
11 the reserves, I was going to say no--may I--

12 CHAIRPERSON DILAN: [Interposing]
13 Yeah the reserve question is legitimate. But I
14 just would like to ask, you know, she did ask a
15 direct question at the beginning of Mr. Apple, if
16 you can get just right to the question and it
17 would help us just move along a little bit. And
18 it would help us also stay on subject--

19 COUNCIL MEMBER JAMES:
20 [Interposing] Thank you.

21 CHAIRPERSON DILAN: --which is what
22 we need to do Council Member James?

23 COUNCIL MEMBER JAMES: Thank you
24 Mr. Chair. Just wanted to know how much money
25 they have in their accounts, so--

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 92
WELFARE AND PUBLIC HOUSING

2 CHAIRMAN RHEA: [Interposing]

3 Right. So NYCHA has zero in its reserves and in
4 fact took \$10 million out of its administrative
5 fee to support the Section 8 subsidies for
6 existing Section 8 recipients.

7 COUNCIL MEMBER JAMES: Thank you.

8 Commissioner Hess, this \$1 million, is it
9 sufficient to meet the needs of 2,597 individuals?
10 Yes or--

11 COMMISSIONER HESS: [Interposing] I
12 don't know Councilwoman. But I think it's a
13 start. We will begin with that. We will monitor
14 it closely. We will see what the need is, if the
15 need is not a full million dollars than we'll
16 reallocate some dollars. If the need is more than
17 we'll, we will do our best to be able to expand
18 that over time.

19 COUNCIL MEMBER JAMES: Do you have
20 the ability to allocate more funds to meet these
21 2,597 families?

22 COMMISSIONER HESS: Well we don't
23 know that we'll see, first of all, let me back up.

24 COUNCIL MEMBER JAMES: Okay.

25 COMMISSIONER HESS: Of the 2,500-

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 93
2 WELFARE AND PUBLIC HOUSING

3 whatever the number is.

4 COUNCIL MEMBER JAMES: 97.

5 COMMISSIONER HESS: About 1,500--

6 COUNCIL MEMBER JAMES:

7 [Interposing] Yes.

8 COMMISSIONER HESS: --are either
9 homeless or at risk of becoming homeless today.

10 COUNCIL MEMBER JAMES: It's 1,115
11 that are part of DHS.'

12 COMMISSIONER HESS: I think the
13 actually number is--it was about 1,500.

14 COUNCIL MEMBER JAMES: Well that--
15 those are the numbers according to Commissioner
16 Rhea.

17 COMMISSIONER HESS: Okay. Well
18 without--we'll reconcile the numbers and get them
19 back to you exactly. My point is that not all of
20 the 2,500 or 2,600 are at risk of becoming
21 homeless today. The only individuals that we can
22 serve through Homebase stimulus dollars are those
23 that either homeless or at risk of becoming
24 homeless.

25 COUNCIL MEMBER JAMES: So my last
question--well okay, so does that mean the 1,115

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 94
WELFARE AND PUBLIC HOUSING

2 Department of Homeless Services, are they at risk
3 of being homeless? Would you characterize them as
4 at risk of being homeless?

5 COMMISSIONER HESS: If they came
6 through Homebase referrals then yes.

7 COUNCIL MEMBER JAMES: Okay. What
8 about the 131 ACS, is that your responsibility or
9 ACS?

10 COMMISSIONER HESS: ACS, although
11 ACS would refer them to us if they were unable to
12 serve them and they were still at risk of being
13 homeless, yes. They would refer them to us and we
14 would accept that from ACS.

15 COUNCIL MEMBER JAMES: Are you in
16 conversations with the District--

17 CHAIRPERSON MENDEZ: [Interposing]
18 Council Member James. Your lawyerly skills are
19 very much at work but we need to give another
20 Council Member--

21 COUNCIL MEMBER JAMES:
22 [Interposing] That's why I'm not a lawyer
23 [laughing]

24 CHAIRPERSON MENDEZ: --an
25 opportunity. Council Member Jumaane Williams--

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 95
WELFARE AND PUBLIC HOUSING

2 COUNCIL MEMBER JAMES:

3 [Interposing] Thank you. She caught me.

4 COUNCIL MEMBER WILLIAMS: Thank you
5 Ms. Chair, thank you Ms. Chair and thank you Mr.
6 Chair. And I want to thank the Commissioners for
7 taking the time to come out to speak with us. And
8 I also appreciate how hard and difficult it is to
9 do your day to day duties.

10 At the same time I have to say I
11 was a little disappointed because at no point
12 during the testimony did anybody take any
13 responsibility for any errors that may have
14 occurred during this process, whether it was not
15 informing people properly, whether you shouldn't
16 have sent the vouchers out, there have to have
17 been some errors. And I think that's what we want
18 to get at.

19 Where were the errors? And if we
20 don't acknowledge them and take responsibility for
21 them, then we can't make sure that this doesn't
22 happen again. And I'm also disappointed that this
23 should be a clamoring for more agencies to rectify
24 the situation. There should be nothing more
25 important than telling people who we told have a

3 subsidy that we will make it whole by any means
4 necessary.

5 But I do have a question on each
6 front. The first, Mr. Rhea, just a couple of
7 things. Just so you know, six month limit is not
8 enough time, just from being in the field, people
9 cannot find housing on Section 8. you talked
10 about that you will--good because the cuts were
11 made only for people--not made for people who had
12 leases.

13 The demarcation should be when
14 people are given the subsidy and given the
15 voucher, not whether or not they have a lease.
16 But my question is, one, one of your testimony
17 said at 2007 you were 87-point-something capacity.
18 I'm wondering why you were under the 95% rate that
19 you said was what was recommended. Also what
20 would it take to change the TSAP, Specification
21 Assignment Plan to allow these people to come into
22 the program?

23 For Mr. Apple, there are 500
24 vouchers available for programs. I want to know if
25 we're able to use them at this moment in time.
Also--well this is not a question but 165,000

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 97
WELFARE AND PUBLIC HOUSING

2 affordable units; I'd love to have a discussion
3 later on affordable to who.

4 And DHS, also, to my knowledge
5 there is no delink process if DHS or Mr. Rhea,
6 there is no delink going on. you can recommend
7 right now without approval. And if you can't, how
8 can we make it that that link is put back at least
9 for these people. You talked about lawsuits that
10 if we break the chain of how people apply, what
11 about lawsuits of the people who we promised that
12 they were going to have vouchers?

13 CHAIRMAN RHEA: I'll go first. On
14 the six months, you know, that's something that we
15 can take a look at; at the time in which we are
16 back in the market with the Section 8 program
17 issuing vouchers. We'd be happy to take a look at
18 that and look at whether six months is too long or
19 whether it's too short. So happy to do that at
20 the right time.

21 In terms of the 85%, give or take,
22 85% in terms of the utilization rate that NYCHA
23 was achieving two to three years ago, that was in
24 a different environment when there were many fewer
25 landlords who were willing to accept Section 8. As

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 98
2 WELFARE AND PUBLIC HOUSING

3 this Council knows there was a law passed, Local
4 Law 10, to compel landlords to not be able to have
5 source of income discrimination against those who
6 had Section 8 vouchers. That's been one of the
7 big benefits in getting more landlords to accept
8 Section 8 and helping us get our program
9 utilization up.

10 The second thing was the old
11 Section 8 list was stale. NYCHA found that when
12 it went to the Section 8 list, often there were
13 people who didn't actually come out to take
14 advantage of the program which was one of the
15 reasons why the decision was made in 2007 to
16 reopen the list so that we could refresh it which,
17 as I quoted those numbers, drove the numbers of
18 applications and approved Section 8 eligible
19 participants, it drove that number up. That
20 obviously has a big impact on our ability to
21 achieve the 95% or better utilization rate.

22 And then the economy obviously is
23 another piece of it. So those would be the three
24 reasons. And then the question about TSAP, again,
25 as I stated earlier, we have the ability in TSAP
to accept referrals from DHS. It was a policy

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 99
2 WELFARE AND PUBLIC HOUSING

3 decision to discontinue that. And then secondly
4 you asked about legal action. I'm not a lawyer
5 and I'm not going to opine on it but obviously
6 those who have been affected can exercise their
7 rights in the courts for judicial relief. And I
8 know there are those who--there has been a case
9 that's been filed on behalf of them by Legal Aid.
10 And so, you know, we will see the outcome of that
11 case.

12 COUNCIL MEMBER WILLIAMS: Well the
13 second part of the question was if there's no
14 link, how do we get the link back? And I want to
15 keep in mind all of--we should be talking about
16 how to make them whole, not what we can't do. So
17 how do we make it so that the link can be put
18 back? How do we make it so that you can have the
19 power to make the people whole?

20 CHAIRMAN RHEA: Well it sounds to
21 me like there's been a discussion amongst the
22 Council Members to look at an option to relink
23 which, you know, we'll obviously wait to see the
24 outcome of that. We look forward to participating
25 in that dialog. I think that all sides of the
discussion should be heard as it was the first

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL
WELFARE AND PUBLIC HOUSING 100

2 time when the policy decision was made. So we
3 look forward to revisiting that conversation and
4 being a participant in that discussion.

5 COUNCIL MEMBER WILLIAMS: And then
6 there was a question for Mr. Apple. I understand
7 that there are 500 vouchers that are available now
8 for programs. Can we use these vouchers for some
9 of the people?

10 MR. APPLE: Councilman, HPD is
11 currently at 99% utilization of our current
12 vouchers. Therefore we do not really have any
13 vouchers, you know, this is not a program that you
14 keep vouchers on the side and hold them. So we
15 currently have about 1,000 people on the street
16 looking for units.

17 We're obviously monitoring very
18 closely given the set of circumstances. We are
19 not in the position today to provide any
20 additional vouchers. We're going to continue to
21 work with our partners and do everything we can
22 but today there are no additional vouchers
23 available.

24 COUNCIL MEMBER WILLIAMS: I'm
25 sorry. One follow-up question, I'm sorry. Are

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL
2 WELFARE AND PUBLIC HOUSING

3 there available apartments in NYCHA? Empty
4 apartments.

5 CHAIRMAN RHEA: So I know this is a
6 topic of much discussion and much misunderstanding
7 in terms of what the vacancy rate is at NYCHA and
8 the available apartments. NYCHA has less than a
9 1% vacancy rate.

10 Today the numbers that we obviously
11 publish and in our annual plan basically list
12 total number of non-dwelling apartments or
13 apartments that are, you know, off the rent rolls,
14 of those apartments that we list, the 3,100 that
15 people see a number, the total actual number of
16 vacant apartments available for rent, so
17 apartments that aren't under substantial either
18 long-term modernization or short-term repairs or
19 that are subject to programmatic reasons for being
20 off the rent rolls like, you know, use for the
21 NYPD or for an administrative office, that number
22 is 869 apartments that are available for rent.
23 And those apartments are being prepped and people
24 are being taken off of the NYCHA waiting list and
25 moved into those apartments immediately.

COUNCIL MEMBER WILLIAMS: What

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL102
WELFARE AND PUBLIC HOUSING

2 about with the asides that you just mentioned.

3 You listed a whole lot for police and--

4 CHAIRMAN RHEA: [Interposing] I
5 told you the number is 3,135--

6 COUNCIL MEMBER WILLIAMS:
7 [Interposing] Okay.

8 CHAIRMAN RHEA: --okay but of those
9 1,500 of those apartments are long-term, major
10 modernization. Those are projects at like Whitman
11 Ingersoll, Randolph, Patonsis [phonetic], Johnson
12 House. These are apartments undergoing massive
13 rehabilitation like in the case of Ingersoll
14 Whitman, \$100 million that we're spending to bring
15 those apartments back on the rent rolls as soon as
16 possible with stimulus funding and other funds
17 that we received.

18 Those apartments cannot be made
19 available. They are not habitable. There are
20 also ones that are being off for major repairs
21 that are going through preparation for rental,
22 that's another 664. Then there are 423 apartments
23 that are a range of uses.

24 Roughly 150 of them are NYCHA
25 maintenance and administrative offices, that's

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL103
2 WELFARE AND PUBLIC HOUSING

3 less than--we have 336 developments so that's half
4 of an apartment per development in which there is
5 some administrative function that's very important
6 to our ability to service residents' needs.

7 The Police Department uses 32
8 apartments for various uses that are important to
9 keeping public safety in NYCHA developments. And
10 then there's 500 apartments that are FHA homes,
11 scattered sites that are either going into home
12 ownership for low income residents.

13 So again, 869 apartments that are
14 available that are being immediately prepped and
15 as soon as someone's--that apartment is available,
16 we take someone off the waiting list, we move them
17 in.

18 COUNCIL MEMBER WILLIAMS: Thank
19 you.

20 CHAIRPERSON PALMA: Council Member
21 Halloran.

22 COUNCIL MEMBER HALLORAN: Good
23 afternoon and thank you for your time. My
24 understanding of the Fiscal 2010 budget is that
25 you're receiving approximately or expected to have
a \$3.6 billion budget of which \$2.8 billion is

2 Federal pass-through dollars. My quick read of it
3 is that \$835.5 million is set aside for Section 8
4 tenant based assistance in terms of Federal money
5 coming through.

6 Was any consideration given to
7 shifts within that allotment to prevent people who
8 had vouchers from losing them and shifted out of
9 other non-critical areas that that annual
10 contribution for Section 8 tenant based assistance
11 fund encompasses?

12 CHAIRMAN RHEA: I'm not quite sure
13 I understand your question but the NYCHA's
14 overall, you know, \$3-point-plus billion dollar is
15 not available for Section 8. It's absolutely--you
16 cannot commingle, as much as we would like to have
17 the ability through SEVRA and other mechanisms
18 that other housing agencies across the country
19 have to be able to look at commingling public
20 housing money, Section 8 money and all the
21 subsidies we receive to best move with market
22 forces like this one to deal with low income
23 families' need.

24 We don't have that ability in New
25 York. So we cannot commingle funding between

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL WELFARE AND PUBLIC HOUSING 105

2 Section 8 and public housing. So the only money
3 that we can look at to use for Section 8 is
4 Section 8 funding. That money as I said earlier
5 was fully exhausted in terms of the money that's
6 available, well I said the HAP contract which is
7 the amount of money we receive to actually
8 subsidize tenants' apartments, not only did we use
9 all of that but we are running a deficit on that.

10 And I also said that we took \$10
11 million out of our administrative fees, so you
12 asked can we move money around, there is Section 8
13 money that we receive for administrative purposes
14 to run the program, to hire people to actually
15 manage and run the program, we took \$10 million
16 out of that and used it to actually subsidize
17 apartments for individuals receiving Section 8
18 assistance which obviously is not sustainable.

19 We can't continue to take away from
20 the administrative fund which basically ensures
21 that tenants are in apartments, they're being
22 selected for apartments, and that their landlords
23 aren't doing things untoward to their ability to
24 remain in their apartments.

25 COUNCIL MEMBER HALLORAN: Okay.

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL106
WELFARE AND PUBLIC HOUSING

2 Just on that number, that issue. You do agree
3 with me that your Federal grant was approximately
4 \$835 million as an annual contribution for Section
5 8 tenant based assistance and an additional \$9.7
6 million for other Section 8 improvement
7 operations. That is the budget, correct? Those
8 are the right numbers?

9 CHAIRMAN RHEA: Those are the right
10 numbers. And the \$9.7, \$10 million was spent as I
11 said to support the program and not to use for
12 those purposes in which it was given to us
13 administratively and we spent more than the \$830
14 that you listed.

15 COUNCIL MEMBER HALLORAN: Of the
16 \$835 million how much of the budget is spent on
17 actual programs helping individuals as opposed to
18 administrative costs, employment of Housing
19 Authority officers, agents, managers? What's the
20 breakdown in percentage of what you're getting
21 from the Federal government to do this to help
22 people as opposed to what's being cost to run
23 those programs?

24 CHAIRMAN RHEA: I guess I'm not
25 being clear. The \$835 million is all being spent

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL WELFARE AND PUBLIC HOUSING 107

2 to subsidize apartments for individuals in
3 apartments. NYCHA doesn't receive a dime of that.
4 And the \$9.7 that we received to manage the
5 program we put back into subsidizing apartments
6 for recipients. And we still have a \$20 plus
7 million deficit above and beyond that, that we
8 have to find a source of revenue to support.

9 COUNCIL MEMBER HALLORAN: And you
10 shifted, you said, about \$10 million from
11 administrative, is that correct?

12 CHAIRMAN RHEA: That's absolutely
13 correct.

14 COUNCIL MEMBER HALLORAN: All
15 right. And what source does that money come out
16 of? Is that--?

17 CHAIRMAN RHEA: [Interposing] You
18 pointed it out. The \$9.7 million.

19 COUNCIL MEMBER HALLORAN: Oh okay.
20 All right. Thank you. I have nothing further.

21 CHAIRMAN RHEA: Thanks.

22 CHAIRPERSON PALMA: Council Member
23 Levin.

24 COUNCIL MEMBER LEVIN: Thank you
25 Chairs Mendez, Palma, Dilan. Thank you Chairman,

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL108
2 WELFARE AND PUBLIC HOUSING

3 Commissioners, Deputy Commissioner. I just have a
4 couple of questions. First off regarding, this is
5 for DHS and Commissioner Hess, regarding the Flex
6 Fund. What steps is DHS taking to--this is \$1
7 million. What steps is DHS taking to target that
8 money, that fund? And is there any specific steps
9 that it's taking to target to the individuals who
10 are left hanging from the Section 8 vouchers?

11 COMMISSIONER HESS: It will be used
12 as a fund of last resort to support solely those
13 individuals who had vouchers, who lost those
14 vouchers, and who are at risk of becoming homeless
15 and needing to enter the shelter system as a
16 result.

17 COUNCIL MEMBER LEVIN: So is it
18 targeted to those in the Advantage system or
19 everybody?

20 COMMISSIONER HESS: Potentially all
21 the 2,600. My only caveat is that we will not
22 spend money out of any of our stimulus funds for
23 anyone who is not at risk of becoming homeless.

24 COUNCIL MEMBER LEVIN: So it's not
25 limited to those that are in the Advantage
program.

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL
WELFARE AND PUBLIC HOUSING 109

2 COMMISSIONER HESS: That's correct.

3 COUNCIL MEMBER LEVIN: Is it
4 available for everybody, not limited by the
5 Advantage program.

6 COMMISSIONER HESS: That's correct.

7 COUNCIL MEMBER LEVIN: Okay.

8 COMMISSIONER HESS: But it's going
9 to be a fund of last resort. We put it aside--

10 COUNCIL MEMBER LEVIN:
11 [Interposing] Right.

12 COMMISSIONER HESS: --as a reserve
13 in case there are unusual circumstances for this
14 particular group that we can't serve through our
15 normal Homebase or HRA programs.

16 COUNCIL MEMBER LEVIN: I think
17 that, I don't see that as a potential source of
18 conflict. What I would see as a potential source
19 of conflict is if these were available, this fund
20 was available but not to everybody that was
21 affected but just to those in that program.

22 My follow-up question about the
23 Homebase program, I've heard of, what is--why are
24 we referring people to Homebase now? What have
25 we--I've heard from Homebase providers that say

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL110
2 WELFARE AND PUBLIC HOUSING

3 that they're now getting referrals to Homebase.

4 They don't have any additional tools that they are
5 able to use to help these people out. What are we
6 equipping Homebase to do with these referrals? I
7 mean what do we expect them to do? I mean they're
8 turning people away.

9 COMMISSIONER HESS: I'm not aware
10 of Homebase turning anyone away--

11 COUNCIL MEMBER LEVIN:

12 [Interposing] Or they're saying there's not any--

13 COMMISSIONER HESS: --if you know
14 of a particular instance we should know that.

15 COUNCIL MEMBER LEVIN: No, no. No,
16 no, I'm not blaming individual Homebase providers
17 or anyone that works at Homebase. We're not
18 providing them or are we providing them with any
19 additional tools? I mean we--that they can deal
20 with these, this particular set of folks.

21 COMMISSIONER HESS: In addition to
22 all the tools and the full range of services that
23 Homebase does so well every day, in the community,
24 and in addition to the HRA resources that are
25 available to Homebase and their families that
they're supporting every day, we've created this

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL WELFARE AND PUBLIC HOUSING 111

2 new Flex Fund to meet any additional needs that
3 may come about for this particular group of
4 individuals.

5 COUNCIL MEMBER LEVIN: And the Flex
6 Fund is that--I'm sorry if I was--I had to step
7 out a couple of times, is that online now? I mean
8 is that money being spent now--

9 COMMISSIONER HESS: [Interposing]
10 We're announcing that today. We'll make it
11 available as quickly as we can beyond today.

12 COUNCIL MEMBER LEVIN: And what
13 happens once we spend the million dollars?

14 COMMISSIONER HESS: Well that's a
15 good question. And that was Councilwoman James'
16 question as well. We need to start with a number-
17 -

18 COUNCIL MEMBER LEVIN:
19 [Interposing] Uh-huh.

20 COMMISSIONER HESS: --and so I
21 created the fund, put \$1 million in it, we will
22 watch that carefully. If we need to supplement
23 that we'll do the best we can to supplement it,
24 understanding that we, you know, we do have
25 funding limitations as well. But we're funding it

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL112
2 WELFARE AND PUBLIC HOUSING

with stimulus dollars.

3 COUNCIL MEMBER LEVIN: Okay. I
4 would, you know, I would respectfully recommend
5 that we do go several steps extra with regards to
6 Homebase, we need to be creative and brainstorm as
7 to further ways in which we can address this
8 population because they're going to continue to
9 come and just from what I'm hearing anecdotally,
10 you know, the Homebase programs are not
11 necessarily prepared to be able to do very much.

12 I appreciate and I think that the
13 Flex Fund will have an impact. But I'm wondering
14 beyond that, what we are equipping our Homebase
15 programs to do and be able to deal with as unique
16 problems come like this one.

17 COMMISSIONER HESS: Well we'll have
18 to look at those unique problems individually
19 obviously. I mean the Homebase does have a pretty
20 rich array of potential services now including all
21 the HRA portfolio of support services as well. I
22 guess the most significant one in this discussion
23 is probably FEPS.

24 COUNCIL MEMBER LEVIN: Um-hum.

25 COMMISSIONER HESS: That many

2 families will be eligible for ongoing rental
3 assistance through FEPS.

4 COUNCIL MEMBER LEVIN: And then,
5 sorry, and I just have one other question
6 regarding the Advantage program. What steps are
7 we taking, is DHS taking as people are--the
8 Advantage program is a 12-month program, correct?

9 COMMISSIONER HESS: The Advantage
10 program is a--Work Advantage is a 12-month program
11 with a potential extension for a 2nd year.

12 COUNCIL MEMBER LEVIN: Okay.

13 COMMISSIONER HESS: The Fixed and
14 Children's Advantage programs are available for up
15 to 2 years with the idea being all along that we
16 would flip to Section 8. In the absence of
17 Section 8 now it's a 2-year program.

18 COUNCIL MEMBER LEVIN: Right. Now
19 what steps--I mean are we making sure--

20 CHAIRPERSON MENDEZ: [Interposing]
21 Council Member Levin--

22 COUNCIL MEMBER LEVIN:
23 [Interposing] Sure.

24 CHAIRPERSON MENDEZ: --you've
25 reached your three thresholds. We're going to do

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL WELFARE AND PUBLIC HOUSING 114

2 some follow-up after Council Member Melissa Mark-
3 Viverito and myself are the only ones still to ask
4 questions. Okay?

5 COUNCIL MEMBER LEVIN: Thank you
6 very much Madam Chair. Thank you Commissioner.

7 CHAIRMAN RHEA: Thank you.

8 COUNCIL MEMBER MARK-VIVERITO:
9 Thank you Chairs. And I've been at other hearings
10 and coming in and out so my apologies. But I
11 thank you all for being here obviously in this
12 very important matter. And I kind of picked up a
13 little bit the last time that I was here but I
14 don't believe that there's been a solid answer.

15 And in making sure that nothing
16 like this is repeated in the future, I think it's
17 important to really get at the essence of why it
18 happened in the first place. So I know that the
19 question was asked Chairman Rhea about why, and I
20 think you alluded to while I was year about some
21 correspondence or communication with HUD back in
22 July that possibly we may not have enough funds or
23 we may be reaching the cap. So there was some
24 sense of awareness of this matter.

25 But why were vouchers continued to

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL WELFARE AND PUBLIC HOUSING 115

2 be issued after that fact? I understand, based on
3 some of the research that we've done that some of
4 the other authorities actually had started to hold
5 back on issuing any more vouchers. And so that
6 question, you kind of danced around it a little
7 bit but I don't know if we really have an answer
8 as to why were vouchers continued to be issued
9 even once it was recognized that there may be a
10 problem or maybe reaching that cap--

11 CHAIRMAN RHEA: [Interposing]
12 Council Member, with all due respect, I didn't
13 dance around it at all. I was very clear--

14 COUNCIL MEMBER MARK-VIVERITO:
15 [Interposing] Okay.

16 CHAIRMAN RHEA: --we continued to
17 issue vouchers to families under duress. We
18 stopped issuing vouchers to the general
19 population, generally eligible Section 8
20 participants and we only issued vouchers to
21 referrals from DHS, ACS, victims of domestic
22 violence, intimidated witnesses. We continued to
23 issue them because they required housing
24 assistance in order to get into an apartment. And
25 we still had available funding.

3 And it is a very, as I described in
4 my formal testimony, a very complicated process to
5 arrive at an exact number where you're going to
6 land at the end of the year. And so we
7 communicated with all elected officials, with HUD,
8 around our potential shortfalls.

9 We updated that weekly on where we
10 saw us finishing the year, depending on the level
11 of success rate in conversion from holding a
12 voucher to actually being in an apartment, what
13 that apartment rent would be, how much the subsidy
14 would be, you know, all of those are variables,
15 they're not fixed.

16 COUNCIL MEMBER MARK-VIVERITO: Um-
17 hum.

18 CHAIRMAN RHEA: You know, it
19 depends on your income, the cost of the apartment
20 you find, a whole host of things, a whole host of
21 variables. We have to make assumptions. And in
22 those assumptions we continued our analysis that
23 showed that at the rate we were going we would not
24 have sufficient funding to complete and honor
25 every voucher.

We communicated that to people.

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL WELFARE AND PUBLIC HOUSING 117

2 Okay. At the same time many, many people who
3 received vouchers post-the May identification of
4 the problem are successfully in apartments now.
5 So we continued because we have a responsibility
6 to get as many families in homes, in housing based
7 upon the available funding. And we did that.

8 COUNCIL MEMBER MARK-VIVERITO:

9 Thank you for the answer. Let me ask you a
10 question then, again if this was answered I
11 apologize, but you're saying that you were issuing
12 vouchers only to the emergency situations and
13 you've outlined those. So what is the process now
14 with regards to those same individuals that fall
15 into those categories, ACS, domestic violence
16 victims, etcetera? Where do we stand with that?

17 CHAIRMAN RHEA: I would have to let
18 those Commissioners answer those questions but
19 Section 8 is not an option for them.

20 COUNCIL MEMBER MARK-VIVERITO:

21 Okay. So I don't know if you want to just touch
22 on it. And again if it has been addressed we can
23 just skip it. That's not an issue.

24 COMMISSIONER HESS: No, no. The,
25 within the absence of Section 8, we are in

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL118
2 WELFARE AND PUBLIC HOUSING

3 discussions with the State as to what a new
4 Advantage program might look like. I think that
5 based on the progress that we made in those
6 discussions which has been significant, I would
7 hope over the next couple of weeks we'll be able
8 to wrap up those discussions with the State. And
9 so that was the first thing we did. And in the
10 meantime we are continuing the Advantage program
11 as it's been. And families are continuing to move
12 from shelter back into the community under
13 Advantage.

14 COUNCIL MEMBER MARK-VIVERITO:

15 You're saying you're talking about possibly a new
16 Advantage program but in terms of people that fall
17 into those categories now, they would just fall
18 under the programs that exist.

19 COMMISSIONER HESS: That's correct.

20 COUNCIL MEMBER MARK-VIVERITO:

21 Thank you. I think those are my questions. Thank
22 you. Thank you for being here today.

23 CHAIRPERSON MENDEZ: Thank you.

24 Commissioner Rhea, I'd like to do a follow-up on
25 Council Member Melissa Mark-Viverito's question.
You said that you just gave these vouchers to

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL119
WELFARE AND PUBLIC HOUSING

2 people under duress. And then a little later you
3 said this was communicated to individuals. To
4 whom was it communicated to? Because I didn't
5 hear about it. My constituents didn't hear about
6 it until December when the letters went out. So
7 who was informed and how?

8 CHAIRMAN RHEA: Chairwoman with all
9 due respect I did have conversations with members
10 of City Council about NYCHA facing significant
11 pressure under its Section 8 budget for 2009. I
12 specifically had that conversation with leadership
13 on the City Council. I had that conversation with
14 members of other fellow Commissioners and Deputy
15 Mayors. I had that conversation with elected
16 Federal officials including Senator Schumer,
17 including Congresswoman Nydia Velasquez.

18 I had those conversations with
19 their staff, in person, in Washington, D. C. via
20 correspondence which we've--obviously have. So
21 there were--I made multiple trips to D. C. My
22 fellow Commissioner Robert Hess and I made trips,
23 simultaneously to D. C. to express concern about
24 this issue earlier this year, I want to say that
25 was July or sometime around that point. So there

2 were numerous conversations, locally and Federally
3 on this issue.

4 CHAIRPERSON MENDEZ: Thank you.
5 That is very helpful. And however the Section 8
6 voucher holders, they were not informed until
7 December.

8 CHAIRMAN RHEA: That's not correct.

9 CHAIRPERSON MENDEZ: What were
10 they--?

11 CHAIRMAN RHEA: [Interposing] As
12 early as July we had in our annual plan very
13 clearly--

14 [Background comment from audience]

15 CHAIRPERSON MENDEZ: [Interposing]
16 Stop please. Let him answer the question. And if
17 there's any more disruption, I will ask the
18 Sergeant to escort anyone out. We are here to get
19 answers. I apologize Chairman Rhea.

20 CHAIRMAN RHEA: As early as July in
21 our annual plan, it's very clearly stated that--
22 and we can read the--I'm sure we have it here,
23 that at the current run rate and given the number
24 of vouchers that were outstanding on the street
25 and given the current funding from Washington, it

2 was likely that NYCHA would not be able to honor
3 all of the vouchers that recipients were holding.

4 And when we issued vouchers to
5 recipients, when they come in to NYCHA and their
6 application is accepted and they are certified as
7 eligible and then when the voucher is given to
8 them, we tell them at that point in time what the
9 restrictions are and that it is subject of funding
10 availability and that funding was tight.

11 So there are multiple points, both
12 in writing and verbally in communication that that
13 voucher was at risk. Now whether or not, back to
14 one of your colleague's comments. I'm not here to
15 suggest that, you know, NYCHA's perfect or again
16 that this is a science. Could we do more to
17 reiterate to recipients that this is not a
18 guaranteed subsidy and that there are risks of it
19 actually being turned on and even after being
20 turned on there's risk to it being discontinued?
21 We can always do more.

22 CHAIRPERSON MENDEZ: And that's
23 what we're all striving for. Commissioner,
24 regarding TSAP, you said there was a policy
25 decision to continue taking DHS referrals. No?

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL122
2 WELFARE AND PUBLIC HOUSING

3 CHAIRMAN RHEA: There was a policy
4 decision to not have direct DHS referrals from
5 homeless shelters to NYCHA public housing. That
6 was a policy decision made prior to my arrival.
7 And it's something that's been going on now for a
8 couple--

9 CHAIRPERSON MENDEZ: [Interposing]
10 I remember it well.

11 CHAIRMAN RHEA: --okay. So that
12 was what I said.

13 CHAIRPERSON MENDEZ: So why can't
14 we make a policy decision to give preference to
15 all the Section 8 voucher holders whose vouchers
16 were rescinded?

17 CHAIRMAN RHEA: First of all, the
18 recipients, many of the recipients of the
19 rescinded vouchers obviously were DHS referrals.
20 They just were DHS referrals after having gone--
21 come out of the shelter or not having even gone
22 into the shelter but into other Advantage and
23 other programs that DHS administers.

24 Then they would receive a voucher
25 through NYCHA that would allow them to remain in
place in the community and to have their subsidy

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL123
WELFARE AND PUBLIC HOUSING

2 moved from Advantage or some other subsidy program
3 through the Section 8 subsidy. So obviously we
4 already have a working relationship with DHS and
5 thousands of families are in Section 8 apartments
6 today because of that relationship which was
7 working well obviously.

8 In terms of a policy decision,
9 again I think that's something that requires a
10 discussion in which all affected parties are
11 participant in. But obviously we have the ability
12 to make policy changes if that's the appropriate
13 thing to do.

14 CHAIRPERSON MENDEZ: Thank you Mr.
15 Chair. Commissioner Hess, what does \$1 million in
16 the Homebase Flex Fund actually get us? Do we
17 know how many people it will serve? What services
18 will be provided? And to how many people and how
19 many of those homeless people will possibly find
20 permanent housing out of that \$1 million?

21 COMMISSIONER HESS: Chairwoman,
22 it's unclear as we sit here today how many of
23 those families will need services over and above
24 what's already available through the traditional
25 mix of Homebase and HRA services. But this was

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL WELFARE AND PUBLIC HOUSING 124

2 significant enough that we wanted to put together
3 a dedicated fund in order to support those
4 families that had lost their vouchers and may be
5 at risk of becoming homeless.

6 And so we put that fund together.
7 Now we've said that we will monitor it. To the
8 extent that the fund is being utilized, we will
9 monitor it and look to make adjustments where we
10 can and as we can. So I don't know. I mean this
11 is such a unique and individual set of
12 circumstances once a family is close to becoming
13 homeless that you really have to do a thorough
14 assessment of that family as Homebase does every
15 day and figure out how you can help that family
16 remain stably housed in the community and not need
17 to enter the shelter system.

18 And so you have to really assess
19 these on a case by case basis. But what we've
20 said is we will monitor the Flex Fund and the use
21 of the Flex Fund and make adjustments where we can
22 along the way.

23 CHAIRPERSON MENDEZ: Thank you. I
24 have another question but now we go through--I
25 will do mind in a follow-up because I did get my

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL125
WELFARE AND PUBLIC HOUSING

2 three questions. So first I will go to Council
3 Member Palma and then Council Member Lander.

4 CHAIRPERSON PALMA: Commissioner I
5 had just one quick--and I don't--you may not have
6 the numbers but I'm interested in knowing, 'cause
7 two weeks ago we heard from a lot of the public
8 testimony that once they called Homebase, Homebase
9 really didn't have any answers for them. I don't
10 know if at that point the agency was still in the
11 process of trying to figure out how to work
12 through this issue. But do we know how many of
13 the Section 8 recipients have contacted Homebase?

14 COMMISSIONER HESS: Well there's a
15 couple of things we do know. First let me say to
16 you and through you, through the Council, if
17 there's anyone who's contacted a Homebase site and
18 have not gotten the help that they went there to
19 get or the answers that they sought, then that, I
20 find that very concerning. And we want to avoid
21 that at all costs.

22 The reason we created 13 citywide
23 Homebase offices is so anyone, any individual or
24 family that's in the crisis of about to experience
25 homelessness has a place to go to get their

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL WELFARE AND PUBLIC HOUSING 126

2 questions answered. And to get the help and
3 support that they need. And so to the extent that
4 that's not happening with even one family, we
5 really need to know and understand that and figure
6 out how to do a better job.

7 CHAIRPERSON PALMA: Right.

8 COMMISSIONER HESS: At addressing
9 the needs of those families. And so if anyone
10 knows of families that feel as though they didn't
11 get the kind of support that they needed from a
12 Homebase site, please call my office directly or
13 email my office directly and let us figure that
14 out so we can do a better job and ensure that
15 every family that comes in kind of gets that
16 support.

17 CHAIRPERSON PALMA: Thank you. And
18 I speak specifically of when I say Section 8; I
19 mean the ones that were revoked.

20 COMMISSIONER HESS: Okay.

21 CHAIRPERSON PALMA: So if we can
22 get a number or sense of how many--

23 COMMISSIONER HESS: [Interposing]
24 Well--

25 CHAIRPERSON PALMA: --of those

2 have--

3 COMMISSIONER HESS: --what I can
4 tell you is of the 700 and some families that had
5 a voucher that were out of shelter, living on the
6 Advantage subsidy, about 20% have contacted
7 Homebase so far. So that's 150 or so families.
8 And of those, Homebase has been able to assist
9 every one of those families. At this point not
10 one has returned to shelter. And that will
11 continue to be our goal. I don't know if that'll
12 be possible to reach that goal but that will
13 continue to be our goal.

14 CHAIRPERSON PALMA: And they were
15 assisted without having to use the fund, the fund-
16 -

17 COMMISSIONER HESS: [Interposing]
18 Yes.

19 CHAIRPERSON PALMA: --that was
20 created.

21 COMMISSIONER HESS: That's correct.
22 They were all assisted without the Flex Fund
23 because the Flex Fund wasn't there prior to today
24 and we'll roll it out in the coming days.

25 CHAIRPERSON PALMA: Okay. Thank

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 128
2 WELFARE AND PUBLIC HOUSING

3 you.

4 COMMISSIONER HESS: You're welcome.

5 COUNCIL MEMBER LEVIN: Thank you.

6 And just don't think we are being--what we heard,
7 you know, week before last was not families upset
8 that they hadn't had a, you know, someone
9 listening to them at Homebase, they were--but we
10 did hear from a dozen or so families and we're
11 told that they represented others who really had
12 extraordinarily difficult personal situations made
13 extremely difficult by the fact that the vouchers
14 were withdrawn.

15 Local, you know, folks who were
16 about to have a Local Law judgment enforced but
17 now don't have a voucher. So after all this time.
18 Families who were on the cusp of being reunited
19 with their kids because they were about to have a
20 unit that their kids could go to.

21 So, you know, I'm sorry that we're
22 doing this hearing in two parts. I think part of
23 the frustration you're hearing on our parts is
24 created by the fact that we sat and listened to
25 these families. We stood with them face to face
and I think felt the responsibility for as New

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL WELFARE AND PUBLIC HOUSING 129

2 York City for having given them a voucher and
3 having them feel like we pulled the rug out from
4 under them, not just that they're low income
5 families in New York City and it's hard to find an
6 affordable place to live.

7 So my last question is for Deputy
8 Commissioner Apple. Assume with me for a minute
9 that we agreed that we were going to give these
10 families some--whatever special priority we could,
11 that at least they were--we were willing to jump
12 them ahead of existing waiting lists, right?

13 So let's assume we have a set of
14 places where there's a waiting list because people
15 have been waiting. But we haven't told those
16 folks they're going to get a unit. Yet. They
17 know they're on a waiting list, maybe, but, let's
18 assume for a minute we decided that these families
19 got a priority that trumped that even though
20 those also wouldn't include needy families who if
21 we listened to them would pull at our
22 heartstrings.

23 I recognize that there aren't--
24 you've said pretty clearly that there aren't
25 vouchers in HPD's portfolio to give them new

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL WELFARE AND PUBLIC HOUSING 130

2 Section 8 vouchers, but obviously HPD oversees
3 quite an array of other affordable housing. And I
4 would like you to think with me about what units
5 we might be able to make available to them.

6 Are there new, is there new
7 affordable housing coming online that's renting up
8 that we could give them priority for? Are the
9 project-based Section 8 developments that we could
10 put them in line for? Are there enhanced vouchers
11 we're issuing that trigger new vouchers that we
12 might be able to give them priority for? What
13 would be some--if we did this, what would be some
14 places--?

15 MR. APPLE: [Interposing]

16 Understood. Really when you look at the portfolio
17 we manage. And remember we manage it in a
18 different way that our counterparts at NYCHA. It
19 really falls into two broad categories. Those
20 that are new projects that we're involved in where
21 we're in partnership with a not-for-profit or a
22 for-profit developer, new or renovated units are
23 being brought online as affordable.

24 Those as you know are through a
25 specific lottery process where obviously anybody

2 in the community is eligible. We have specific
3 requirements for, for example, within the
4 community a certain percentage as you know well.

5 We also have in almost all of those
6 projects set-asides and this is where we do use
7 our few scarce vouchers for homeless referrals.

8 And those are referrals of families from the
9 homeless system that we are using our vouchers
10 for. So in that case we really are constrained in
11 a couple of ways.

12 On the other sort of side of our
13 world which is what we would call our asset
14 management portfolio, those buildings that have
15 been built maybe over the past two decades, and
16 for which we have some oversight responsibility,
17 we in some cases, there's many different sets of
18 programs and circumstance, but in some cases those
19 owners, be they for or not-for-profit, have a
20 responsibility to continue to rent to low income.
21 Often another homeless set-aside resource that we
22 use.

23 So in all of those cases, again,
24 we're really very constrained about our options
25 and about how we can serve but we always work

closely, especially with DHS, because our,
obviously, our single priority it to really help
those families that are greatest in need.

COUNCIL MEMBER LEVIN: Let me just
float one idea then because this is something we
did a couple of time in my experience and I think
the only time we did it sort of collectively as a
City was after 9/11. And I don't want to compare
this to that but what if you offered existing
folks in your portfolio, you know, not-for-profit
and for-profit owners, the opportunity to offer a
unit to these families at a rent that those
families either could afford to pay right now or
that Advantage would cover at some quite
affordable rent with the understand that when
their vouchers become available they'll have the
opportunity then to get those to still apply and
get the voucher.

That's an attractive opportunity
too in many cases to the affordable housing
operator or owner because the Section 8 rent they
might be able to get will be attractive down the
road. But we could move them into units more
quickly and you wouldn't necessarily--I don't

think you would have to mandate that for some meaningful number of affordable housing owners to be interested in it.

MR. APPLE: We certainly would be glad to talk to you and all our partners about those kinds of options. But I would say, we're frankly availing of ourselves of that option even today, given the scarcity of vouchers, and frankly given the success of our programs in building new housing, we oftentimes have new construction projects that are coming online that are completed, folks are moving in, and unfortunately we don't have an available voucher at that point.

Often they are availing themselves of the Advantage in the short term. But again given the constraints in funding and frankly as we look into the future, which is why this sort of Washington discussion about flexibility is so critical, we don't think unless we get that, we're going to see additional funding for new vouchers for several years now.

So it's essentially just saying--

COUNCIL MEMBER LEVIN:

[Interposing] And I appreciate that. What I'm

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL134
WELFARE AND PUBLIC HOUSING

2 suggesting is just--

3 MR. APPLE: [Interposing] Yeah.

4 COUNCIL MEMBER LEVIN: --

5 rearranging who has the priority--

6 MR. APPLE: [Interposing] Right.

7 COUNCIL MEMBER LEVIN: --for this

8 opportunity--

9 MR. APPLE: [Interposing] That's

10 not--but--but--

11 COUNCIL MEMBER LEVIN: --it's not a

12 big long term fix it's just might help us get some

13 hundreds of these couple thousand--

14 MR. APPLE: [Interposing] Well we

15 can certainly talk together and I guess as the

16 Chairman said in a couple of other cases, this is

17 another policy issue that we certainly hear you

18 loud and clear. It is a choice among very needy

19 and frankly deserving New Yorkers.

20 COUNCIL MEMBER LEVIN: Thank you.

21 CHAIRPERSON DILAN: Okay. We've

22 also been joined by Council Member Robert Jackson

23 who is a member of the Housing and Buildings

24 Committee. I do have a brief follow-up gentlemen.

25 And maybe I should have asked this at the outset

2 but how did we get to the point where we are
3 overcommitted on these vouchers?

4 I understand that in May, NYCHA was
5 made aware of the Federal budget cut and the final
6 announcement to the public in, some time in
7 December, and I know according to your testimony
8 Chairman Rhea, at some point between May and
9 August you may have been lobbying Washington to
10 try to save these vouchers. But I guess what
11 happened and how did we get to the point where we
12 are overcommitted?

13 CHAIRMAN RHEA: Well first of all,
14 I want to be clear. We lobbied from May all the
15 way up through December, to the day we made the
16 decision we were still lobbying. And we still are
17 lobbying and trying to receive additional funding
18 and an additional separate allocation of vouchers
19 to address the fact--

20 CHAIRPERSON DILAN: [Interposing]
21 As you should be and maybe we need to begin
22 helping you.

23 CHAIRMAN RHEA: We would welcome
24 that help--

25 CHAIRPERSON DILAN: [Interposing]

2 Okay.

3 CHAIRMAN RHEA: --and as I said in
4 my formal testimony, I look forward to that.

5 So without saying everything over
6 again, the first problem or challenge is that
7 normally we would receive an idea of our
8 appropriation and budget very early in the year.
9 That didn't happen in 2009 until May. So you're
10 talking about a program that is operating on a
11 certain set of expectations in terms of funding
12 level.

13 So our funding level that we
14 expected to receive for 2009 was significantly
15 below what we expected. And then on top of it
16 they rescinded \$58 million from our reserves. So
17 we got less than we thought we would get from the
18 traditional appropriate for our Section 8 budget,
19 the \$835 million you heard. We thought that
20 number would be significantly larger.

21 CHAIRPERSON DILAN: So just
22 generally it was based on a project budget that
23 didn't materialize--?

24 CHAIRMAN RHEA: [Interposing]
25 That's correct, it didn't materialize.

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL137
WELFARE AND PUBLIC HOUSING

2 CHAIRPERSON DILAN: Okay.

3 CHAIRMAN RHEA: And--

4 CHAIRPERSON DILAN: [Interposing] I
5 don't know that that was said. You may have
6 applied it but I just don't know--

7 CHAIRMAN RHEA: [Interposing] Okay.

8 CHAIRPERSON DILAN: --that that was
9 said. Okay go ahead.

10 CHAIRMAN RHEA: Well I talked about
11 the fact that the way Congress measures how many
12 people you have under your program in the prior
13 year and they do it on a cal--their Fiscal Year
14 versus our calendar year, I went through all of
15 that. But I know it's complicated. It's a very
16 complicated formula.

17 The bottom line though is we
18 received a lot less than we anticipated in the
19 actual HAP subsidy and then on top of that they
20 took \$58 million from our reserves which we would
21 have been able to use from a dollar standpoint.
22 So that's one issue around the funding.

23 Secondly I talked about the actual
24 attrition rate which should have freed up
25 somewhere close to 7,000 vouchers based upon our

3 historical standards which now we're running an
4 attrition rate below 3% so it freed up less than
5 3,000 vouchers. So if we had just hit our
6 traditional attrition rates alone we wouldn't be
7 in this room right now. That in and of itself, if
8 you want to point to a single culprit, that in and
9 of itself was sufficient to cause the problem.

10 And because we didn't find out that
11 we were actually, you know, receiving cuts and the
12 attrition rate was running at these new levels
13 versus historical levels until, you know, five,
14 six months into a year, and you already have
15 13,000 vouchers out on the street because they
16 last for 6 months, so we had vouchers from the
17 prior year that had been issued.

18 People came into 2009 who received
19 a voucher in October, November, December of 2008;
20 their voucher was still good in 2009. So we had
21 vouchers that had been issued in prior years that
22 actually have to cycle through. Those vouchers
23 that were normally experiencing close to a 65%
24 rate, success rate of going from holding a voucher
25 to getting an apartment skyrocketed. And people
were having a much better success at getting

apartments.

3 So the data that we used to
4 anticipate where we would finish the year was not
5 reliable based upon historical standards given the
6 current economy. So that's how we got to where we
7 are.

8 CHAIRPERSON DILAN: Okay. all
9 right. I think I'm done. I'm not, you know, I'm
10 not... I don't think it's that complicated at all
11 but I'm just not quite sure. And from what I
12 understand this is the first year that your
13 projections, that your attrition rate skyrocketed
14 and your Federal projections didn't come through,
15 this is the only time this has happened? Well for
16 you obviously it's the only time 'cause it's your
17 first year. But the man sitting next to you ran
18 NYCHA for a long time.

19 Not the first time, in 2007 the
20 City Council gave NYCHA I think \$20 million to
21 deal with the fact that it didn't have sufficient
22 funding at least--

23 CHAIRPERSON DILAN: [Interposing]
24 But that wasn't specifically for Section 8, that
25 was just for--

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL WELFARE AND PUBLIC HOUSING 140

2 CHAIRMAN RHEA: [Interposing] No
3 that was for Section 8--

4 CHAIRPERSON DILAN: [Interposing]
5 It was Section 8?

6 CHAIRMAN RHEA: No that's strictly
7 Section 8.

8 CHAIRPERSON DILAN: Okay. I stand
9 corrected. I stand corrected. All right. I'm
10 going to end my line of questioning. I think what
11 I'll do is since I'm not quite clear, I'll stop
12 and we can have further discussions on it and turn
13 the floor back to Council Member James.

14 COUNCIL MEMBER JAMES: Chair Dilan,
15 you're not clear because as a result of the
16 economy and as a result of, in my opinion, the
17 fact that we have not built in this City of New
18 York a significant number of low income housing in
19 the City of New York, that's why we unfortunately
20 find ourselves in this place.

21 So Commissioner Hess, I want to--
22 could you walk me and the audience through
23 application, how we're notifying individuals, how
24 do individuals apply? I'm glad you announced it
25 today but I wish this place were, you know, filled

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL WELFARE AND PUBLIC HOUSING 141

2 with all of the affected applicants but it is not.
3 Will you be writing a letter? Is your office
4 going to contact each of these individuals? How
5 are we going to engage in outreach?

6 COMMISSIONER HESS: Councilwoman,
7 we have a number of regular correspondence that
8 goes to everyone that interacts with Homebase to
9 include quarterly newsletters. We also do
10 specific mailings on those specific issues and
11 this will be one.

12 COUNCIL MEMBER JAMES: Well you
13 mentioned a couple. Can you be more specific?
14 How will you contact these individuals?

15 COMMISSIONER HESS: Well we will
16 contact individuals through either the quarterly
17 newsletter or direct mailings. Now this
18 particular fund will be seamless to anybody that
19 walks into a Homebase. I mean nobody that walks
20 into a Homebase needs to know about it. The
21 Homebase providers will do everything they can to
22 assess that family as they would any family,
23 support that family and help them remain in the
24 community as they've done for over 17,000 families
25 with a 90% success rate over the last few years.

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL WELFARE AND PUBLIC HOUSING 142

2 What will be--the only thing that
3 will be different is the Homebase provider will
4 know that if they have a family that had a voucher
5 and has now lost it and they are at serious risk
6 of homelessness, in addition to all the tools they
7 have at Homebase and in addition to the tools that
8 HRA has traditionally had available, they will
9 also have as a final stop gap support system, this
10 Homebase Flex Fund available to them as well.

11 COUNCIL MEMBER JAMES: Will anyone
12 be calling them?

13 COMMISSIONER HESS: I'm sorry?

14 COUNCIL MEMBER JAMES: Will anyone
15 call them?

16 COMMISSIONER HESS: Will anybody be
17 calling Homebase?

18 COUNCIL MEMBER JAMES: These
19 individuals.

20 COMMISSIONER HESS: Um.

21 COUNCIL MEMBER JAMES: You said
22 mail, how about a call?

23 COMMISSIONER HESS: Some of our
24 clients have phones, some do not.

25 COUNCIL MEMBER JAMES: Okay. Those

2 that do have phones.

3 COMMISSIONER HESS: But Homebase
4 will be in touch with them however they
5 traditionally have contacted them and want to
6 contact them.

7 COUNCIL MEMBER JAMES: Okay.

8 COMMISSIONER HESS: But over and
9 above that we will make a special effort through
10 our correspondence as well.

11 COUNCIL MEMBER JAMES: Are you
12 going to reach out to our advocate friends and
13 perhaps they can assist us?

14 COMMISSIONER HESS: Our Homebase
15 providers work with a whole variety of folks as do
16 we. And so sure. Anybody that we regularly
17 interact with will know of all of our programs and
18 all of the opportunities.

19 COUNCIL MEMBER JAMES: Deputy
20 Commissioner Apple, yesterday and Commissioner
21 Cestero alluded to it, he announced with Mayor
22 Bloomberg this New Housing Marketplace Plan. As
23 far as you know in this renewed marketplace--in
24 this revised housing marketplace plan is there a
25 plan to build low, low income housing in the City

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL144
WELFARE AND PUBLIC HOUSING

2 of New York? And if so, how much?

3 MR. APPLE: Yes Council Member,
4 you're absolutely right. This is the continuation
5 of a plan that started actually in 2002 and then
6 was updated in 2006. New York City is committed
7 to 165,000--

8 COUNCIL MEMBER JAMES:
9 [Interposing] Affordable.

10 MR. APPLE: --affordable units.

11 COUNCIL MEMBER JAMES: Right.

12 MR. APPLE: I want to answer your
13 specific question.

14 COUNCIL MEMBER JAMES: Go ahead.

15 MR. APPLE: As you know, we are
16 approaching our 100,000th unit being completed.
17 And in fact we're the only City in the county and
18 in fact some states have actually gotten out of
19 the business of affordable housing. So while the
20 market obviously has crashed and changed we have
21 continued to move forward with our program--

22 COUNCIL MEMBER JAMES:
23 [Interposing] And of that 100,000--

24 MR. APPLE: --more than--

25 COUNCIL MEMBER JAMES: --how many--

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL WELFARE AND PUBLIC HOUSING 145

2 MR. APPLE: --more--

3 COUNCIL MEMBER JAMES: --is
4 committed to this population?

5 MR. APPLE: All of our housing is
6 committed to affordable; over three-quarters are
7 to low income, meaning people below 60% AMI--

8 COUNCIL MEMBER JAMES:
9 [Interposing] What's that in terms--

10 MR. APPLE: --when we talk about
11 homeless set asides, all of them are to the very
12 low income.

13 COUNCIL MEMBER JAMES: Thank you.

14 CHAIRPERSON MENDEZ: Council Member
15 Jumaane, and I'd like to say that we were joined
16 by Council Member Robert Jackson who's still in
17 the room. Oh you did say--okay. Well Robert gets
18 mentioned twice.

19 COUNCIL MEMBER WILLIAMS: Just want
20 to say thanks again for coming out. I still have
21 to say that I'm just pretty disappointed even
22 throughout the questioning. I don't feel like we
23 got to the heart of mistakes that were made and
24 there, again, had to have been some mistakes
25 because there are thousands of people who said

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL WELFARE AND PUBLIC HOUSING 146

2 they had Section 8 vouchers and now they don't.

3 This cannot be solely attributed to money that was
4 lost.

5 Something went wrong
6 administratively. Something went wrong somewhere.
7 And I'm still waiting to see and hear and
8 understand where that went wrong. As
9 Commissioners, leaders, there are mistakes that
10 are made. The worst part is if we can't
11 acknowledge where the mistakes were so that we can
12 prevent it from happening again.

13 And I feel like this can happen
14 again 'cause no one here has said that we made a
15 mistake and here is how I would correct it if we
16 had to do it again. So I'm very disappointed in
17 that.

18 Secondly, I would like to ask of
19 Commissioner Rhea, if you can get my office or the
20 Committee either the statute or the document that
21 says that there is a delink between DHS and NYCHA
22 I would love to see that. Thank you.

23 CHAIRPERSON MENDEZ: Thank you.
24 I'll be asking the last round of follow-up
25 questions. Commissioner Hess, during the first

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL 147
2 WELFARE AND PUBLIC HOUSING

3 part of the hearing on February 9th, there was some
4 testimony, I can't remember from whom, but it's in
5 my notes that the Homebase contract will be
6 changed to helping only individuals placed into
7 hotels by DHS. And I want to know if that is in
8 fact correct.

9 COMMISSIONER HESS: We are making
10 some additional refinements to our Homebase
11 support to include Homebase providers; I think
12 starting in April, March, I'm sorry, providing
13 services, rapid re-housing services to some
14 families that are in some of our non-tier two
15 facilities. And so that's an additional
16 enhancement. They will still have the opportunity
17 I think to work with others.

18 That will be about 50% of their
19 contract and the balance of their contract will be
20 able to continue to do the work in the community
21 that they've done and in fact with the addition of
22 the Homebase Flex Fund we'll have a little bit
23 more in the way of resources to do that.

24 CHAIRPERSON MENDEZ: Thank you.
25 Chairman Rhea, I want to, one, publicly
acknowledge you've only been at this job now for

six, seven, eight months, at tops. And also say that during your short tenure as the Chairman of the Board, I am very appreciative of all the steps you've taken to meet with me about all my concerns about public housing and in addressing a lot of them by changing policy. So I think we should explore some of the things that Council Members are talking about, not just with the Housing Authority but with all the City agencies. We all have a responsibility to fix this problem.

I want to acknowledge and applaud the Housing Authority for taking \$10 million out of your administrative budget to try to deal with this problem. But as so often happens, when you take from Peter to give to Paul, how will we deal now with that \$10 million gap in your administrative budget?

CHAIRMAN RHEA: Thank you also for the kind words and I do look forward to working on a solution for the families that are affected. And the \$10 million in our administrative budget is an issue. As is, I want to reiterate it, the at least \$30 million in shortfalls that we will have in 2010 to support the families that are

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL149
2 WELFARE AND PUBLIC HOUSING

3 currently receiving Section 8.

4 So I don't want to make any bones
5 about the severity of our problem and our
6 challenges financially. We have been speaking in
7 all quarters. And I, you know, not to--because
8 there's not a solution yet but I have an ask in
9 front of our Congressional representation, I have
10 an ask in front of the City and our leadership and
11 we have an ask in from the State to support the
12 shortfall that we have in our Section 8 plan both
13 on administrative and on the actual HAP side to
14 support people who are in homes. So that is
15 something that still needs to be resolved.

16 CHAIRPERSON MENDEZ: Thank you.
17 Earlier Mr. Chairman, you indicated that you
18 announced your Section 8 budget shortfall for
19 NYCHA because again you started in June and this
20 was clearly from the shortfall that started
21 earlier from that, from the stimulus funding.

22 I think because NYCHA has had a
23 budget problem for so many years, a chronic
24 deficit, that when individuals are told we're
25 having funding problems, it's a little different
than when someone is told we're having funding

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL
2 WELFARE AND PUBLIC HOUSING

3 problems and we may need to take an unprecedented
4 measure and cancel or revoke Section 8 vouchers.

5 So I think that's where the problem
6 begins with some of us and particularly for the
7 Section 8 voucher holders. I heard the list of
8 individuals that you did inform about this problem
9 and that, I'm not quite sure where it trickled
10 down to, but apparently many people were made
11 aware of this problem. So why didn't someone, you
12 or someone before you, say and we may need to take
13 this unprecedented step?

14 CHAIRMAN RHEA: And again I want to
15 reiterate that we can always do a better job of
16 communicating challenges. And that's something
17 that, you know, we will take away from this
18 hearing. But I do want to repeat that in our
19 public disclosure, in plain English, not hidden
20 deep and buried somewhere, when it discusses the
21 Section 8 program, it says that NYCHA's current
22 funding levels and current experience based upon
23 unprecedented levels of low attrition and cuts in
24 funding, that we would find it potentially very
25 difficult, probably unable to honor all vouchers
that were in peoples' hands.

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL WELFARE AND PUBLIC HOUSING 151

2 So we did make that and we made it
3 in writing. And I said we counseled people when
4 they received their Section 8 voucher that it was
5 at risk of funding and that funding was at very
6 difficult levels.

7 Having said that, we could do more,
8 always. The other thing I just want address
9 that's related to this is in terms of were
10 mistakes made. I think part of it is not so much
11 looking at it was a mistake made but there were
12 choices that were made.

13 So we are very clear that our goal
14 is to use every dollar we have to get as many
15 families into subsidized housing. And I had
16 mentioned in my testimony that we went from 8,500
17 in '07 to 12,000 in '08 to almost 13,500 in '09 at
18 a time when the demand for housing subsidy is at
19 an unprecedented level in our country, obviously,
20 we wanted to do all we could to assist those
21 families.

22 We could have made a different
23 choice which would have been to stop issuing
24 vouchers and maybe we would be sitting here now at
25 95% or 96% or 97% utilization with no issue

2 having "not honored a voucher someone had
3 received". But you'd have somewhere between
4 1,000, 2,000, 3,000, 4,000, 5,000 families not in
5 apartments today receiving assistance because of
6 the decisions we made.

7 So whether or not we want to choose
8 to rule them as mistakes or choices, I considered
9 them choices. They were choices in difficult
10 times. They were choices with data moving around
11 where we were sharing our experience with those
12 who could help us solve the problem. And we find
13 ourselves with 2,000 families who've been
14 affected. And we don't take that lightly and we
15 look forward to working with you on a solution.

16 MR. APPLE: And I just want to
17 reiterate that from the HPD perspective because we
18 went through very much the same set of choices in
19 the same timeframe and constantly talked about
20 that together. We had been able to serve now 16%
21 more low income New Yorkers.

22 I want to remind everybody and I
23 think I know you know this well that Section 8
24 serves the lowest income New Yorkers of any
25 program. Also we've been able to use it to build

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL WELFARE AND PUBLIC HOUSING 153

2 more affordable housing, over 12,500 starts in the
3 last Fiscal Year. We've now achieved almost
4 100,000 units, very much driven by the Section 8
5 program.

6 It is a vital resource. It's one
7 that I know we share of goal of using efficiently
8 and effectively together. If we had made
9 different choices, as the Chairman said, thousands
10 of people would not be in homes today. We want to
11 continue to work with you on this problem and also
12 importantly want to work with you really more
13 broadly on making this program broader, doing some
14 of the things that Congress is now talking about.
15 I think we have an atmosphere, an opportunity in
16 Washington that we haven't had in many years. And
17 I think this is a good time for us together to
18 work towards some of those goals.

19 COMMISSIONER HESS: I think it's
20 also important to kind of focus on what the
21 Chairman said. Had they stopped issuing vouchers
22 in, I don't know, July or August, there is
23 probably hundreds if not 1,000 formerly homeless
24 families that were living in the community that
25 would not be in their own apartments today with a

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL WELFARE AND PUBLIC HOUSING 154

2 Section 8 subsidy that will support them for years
3 to come.

4 And so yeah there was risk. And
5 yes that risk was significant given the
6 unprecedented economic conditions in which we were
7 operating. And yes the attrition rate was the
8 biggest factor probably at the end of the day that
9 pushed us over the cap and created a financial
10 shortfall. But I think the choices that were made
11 at least from my perspective in trying to ensure
12 that as many formerly homeless families as
13 possible were receiving the permanent subsidy they
14 needed because they had a disability in those
15 families, I appreciate the decision that the
16 Chairman made, notwithstanding the risk that he
17 took.

18 And I think leadership is often
19 about risk. And I fully recognize that that puts
20 us all in an awkward situation today and we need
21 to do the best we can during incredibly difficult
22 economic times. But had he not taken that risk
23 there are hundreds if not 1,000 former homeless
24 families with a disabled individual in those
25 families that would not be in Section 8 today. So

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL WELFARE AND PUBLIC HOUSING 155

2 I thank you for that.

3 CHAIRPERSON MENDEZ: I said I would
4 do the last line of questioning but I've been told
5 that Council Member Robert Jackson does have some
6 questions and he hasn't asked up until this point.
7 So I will allow him to do that.

8 COUNCIL MEMBER JACKSON: Well thank
9 you and good afternoon everyone. I apologize for
10 coming to this hearing late. I was chairing an
11 Education Committee meeting myself across the
12 street. But I thank you for the opportunity to be
13 a part of this discussion in trying to determine
14 where we're going in order to assist all those
15 people in need.

16 But Commissioner Hess, let me just
17 ask you, I believe you mentioned in your testimony
18 in response to a question, that the Department of
19 Homeless Services will set aside \$1 million in
20 stimulus money for the Homebase Flex Fund. And
21 can you explain to myself and my colleagues how is
22 it different from the existing Homebase program
23 and what additional services, if any, will be
24 provided under this new Flex Fund.

25 COMMISSIONER HESS: Thank you for

2 the question. We, Council Member, have take a
3 look internally at what the needs could be of this
4 particular group of folks that had vouchers and do
5 not have those vouchers any longer. We want to be
6 sure that we do everything we can to help them
7 remain housed in the community and not need to
8 enter the shelter system.

9 We don't know if they'll need
10 services over and above what the normal array of
11 Homebase services are or not. Coupled with the
12 array of HRA services that are really very
13 seamless in working with Homebase now. That
14 wasn't the case years ago. Where they may not
15 need additional support, but if they do, we wanted
16 to put a fund together ahead of time to be a
17 little bit of additional safety net for this group
18 of families. And we think that's the right thing
19 to do.

20 Now some have asked and rightfully
21 so is that the right amount of money or not, I
22 don't know. But we've bee proactive. Too often,
23 you know, folks looked and say well why didn't you
24 see that coming. Well I don't know if this is
25 coming or not, you know, I don't know if these

2 families are going to need additional support over
3 and above the very comprehensive array of services
4 we already offer. But if they do we'll have it
5 there for them.

6 COUNCIL MEMBER JACKSON: So in
7 essence that's why I assume that's why it has the
8 word in there, flex, because of its flexibility,
9 is that correct--

10 COMMISSIONER HESS: [Interposing]
11 Exactly right.

12 COUNCIL MEMBER JACKSON: Okay. So
13 in essence this is an additional safety net if I
14 may phrase your testimony.

15 COMMISSIONER HESS: Yes Councilman,
16 that's correct.

17 COUNCIL MEMBER JACKSON: Okay.
18 Well that's a good thing.

19 COMMISSIONER HESS: I think so.

20 COUNCIL MEMBER JACKSON: Unless the
21 money could be used elsewhere for a more better
22 purpose so--but--and I don't really know that.
23 But I, you know, obviously if it's a flexible fund
24 that's going to be there as a safety net as you
25 indicated for additional services or even to

2 maintain what they have, I think that's a good
3 thing.

4 COMMISSIONER HESS: I agree.

5 COUNCIL MEMBER JACKSON: Thank you.

6 COMMISSIONER HESS: Thank you
7 Councilman.

8 COUNCIL MEMBER JACKSON: All right.

9 CHAIRPERSON MENDEZ: Thank you.

10 We'll now be moving forward to our public
11 testimony. We're going to call six individuals.
12 There was a message for us and for you by the
13 audience, silent with little placards, if you want
14 to hold them back up again so everyone can see it.

15 I think that's a message for all of
16 us that we have to work together to find the money
17 for Section 8. Chairman, Commissioners and thank
18 you for being here, for answering all our
19 questions and for your patience. And if you want
20 any of the public testimony from the last time, we
21 have those with lots of heart wrenching examples.
22 And I know NYCHA, Brian Honan [phonetic] already
23 got his packet last week of that testimony so
24 thank you for that.

25 CHAIRMAN RHEA: I've read it.

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL WELFARE AND PUBLIC HOUSING 159

2 CHAIRPERSON MENDEZ: Thank you.

3 The first panel, we will have Theresa McIntosh,
4 Dana Frank, and Judith Cahan.

5 [Pause]

6 CHAIRPERSON MENDEZ: They will, the
7 Housing Authority usually always keeps someone
8 here to listen to the testimony. So I hope that
9 HPD and DHS will also leave individuals here.

10 [Pause]

11 CHAIRPERSON MENDEZ: Okay. Theresa
12 McIntosh, Dana Frank and Judith Cahan, as soon as
13 you're ready just take a seat, whoever's ready,
14 grab a microphone, identify yourself for the
15 record and start to give your testimony. You need
16 to press the little red button and make sure that
17 it's bright red and in the higher up position,
18 whoever's ready.

19 SERGEANT AT ARMS: Sit down please,
20 take your conversations outside.

21 CHAIRPERSON MENDEZ: Can you please
22 be quite if you're exiting the chambers. Thank
23 you. Ladies?

24 MS. THERESA MCINTOSH: good
25 afternoon. Thank you very much for this

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL
WELFARE AND PUBLIC HOUSING 160

2 opportunity to testify. My name is Theresa
3 McIntosh and I'm the Co-Chair of Voices of Women
4 Organizing Project Housing Campaign. VOW is an
5 organization made up of survivors of domestic
6 violence who organize to improve the systems and
7 services that victims of domestic violence turn to
8 for justice and assistance.

9 We call upon NYCHA to come to a
10 solution to the nearly 3,000 Section 8 vouchers
11 pulled of which a large percent of the vouchers
12 pulled were survivors of domestic violence. We
13 also want them to ensure a commitment to working
14 on behalf of and not against survivors of domestic
15 violence who are already at high risk and in
16 danger of escaping abuse.

17 The families who lost their
18 vouchers face certain homelessness. Without
19 Section 8 or a public housing unit option, we must
20 return--who must return to shelter and in the case
21 of domestic violence survivors, it almost means
22 returning to their abuser. We recommend the
23 funding, much needed housing, come from the
24 Federal stimulus funds such as given to the
25 Department of Homeless Services.

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL161
2 WELFARE AND PUBLIC HOUSING

3 If public housing is a vital
4 solution it is important to draw your attention to
5 the fact that public housing systems as it stands
6 now does not include housing choice for survivors
7 of domestic violence. It's important that we are
8 able to choose a housing location to ensure safety
9 from their abuser. As long as the appropriate
10 procedures and processes are put in place to
11 ensure survivors who need housing choice options
12 are given to them.

13 We will support this solution.
14 We'll also recommend that this process is swift so
15 that DV survivors can have housing quickly. The
16 ability to access permanent and affordable housing
17 options when leaving an abusive relationship is
18 crucial for both short term and safety and long
19 term stability, in a survivor's life.

20 If women who are exiting emergency
21 shelters without permanent housing options are
22 vulnerable to homelessness and exploitation yet
23 again. Many will return to their abuser if
24 sleeping in the streets or losing custody of their
25 children is the only alternative. For survivors
with children the stakes of homelessness become

2 even higher, making it difficult to provide for
3 their families. A mother's sound mind and body is
4 pivotal to the development of her children.
5 Children are going to be subjected to further
6 danger and instability of losing vital family
7 communicated ties and process.

8 It is unfortunately that the
9 arbitrary decisions that have made about Section 8
10 resorts to the particular with those survivors of
11 domestic violence who thought they were leaving a
12 course, power and manipulation behind, only to see
13 it replicated in the form of a broken promise.
14 Now we appreciate the Council reviewing this
15 critical issue and look forward to being part of
16 the discussion about solutions to this crisis to
17 the near future. Thank you so much.

18 MS. JUDITH CAHAN: Hello? Thank
19 you. Good afternoon. Thank you for this
20 opportunity to testify. My name is Judith Cahan
21 [phonetic], I am the Co-Chair and Founder of the
22 New York City Coalition of Domestic Violence
23 Residential Providers. And I'd like to thank
24 Katherine Trapani, Chairman of our Housing
25 Committee for preparing my presentation.

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL163
2 WELFARE AND PUBLIC HOUSING

3 The Coalition represents all 20
4 nonprofit organizations serving survivors of
5 domestic violence in residential programs
6 throughout New York City. The Council is aware of
7 how devastating the loss of nearly 3,000 Section 8
8 vouchers has been. Members of our coalition
9 testified a few weeks ago as part of this hearing
10 to the need for a quick solution for all affected
11 voucher holders, particularly the domestic
12 violence victims whose very lives depend on
13 securing a safe, permanent home.

14 One Council Member specifically
15 asked for recommendations on how best to serve the
16 nearly 500 victims of domestic violence who lost
17 their Section 8 voucher in the midst of this
18 crisis. And I'd like to take a few moments to
19 elaborate on our answer. In many cases victims of
20 domestic violence who apply for Section 8
21 assistance have also applied for public housing
22 and would happily accept a public housing unit if
23 one was made available to them.

24 With this in mind as a remedy to
25 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 abuser must have the freedom to move to areas that are in a safe location, far enough away from 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 victims, 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 variable alternative to Section 8 vouchers. Specifically persons with disabilities who need accessible apartments to have the freedom to seek housing on the private market since 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 violence cannot afford to wait for a unit as their lives hang in the balance.

Additionally members of religious communities who need to be close to places of worship in which they practice in accordance with their faith must also have freedom to choose a neighborhood in which they live.

For these types of "special cases" a voucher similar to Section 8, one that has equal

2 payment standards set according to fair market
3 rents as determined by HUD is necessary. Such a
4 voucher could be funded through HPRP funding or
5 the Federal stimulus package or using a
6 combination of City and State funding until
7 Section 8 vouchers are again available.

8 The Coalition appreciates all the
9 work that the Council has done on this issue and
10 looks forward to continuing to work toward a
11 solution to this terrible crisis, together. I
12 thank you for your opportunity to testify and
13 welcome any questions you may have. That's as
14 fast as I can go guys. [Laughing]

15 MS. DANA FRANK: Good evening
16 Council. It's almost evening now, sorry--

17 CHAIRPERSON MENDEZ: [Interposing]
18 And Ma'am.

19 MS. FRANK: Yes.

20 CHAIRPERSON MENDEZ: You just did
21 ask where everyone was going and I do see that
22 there are people from the agencies still here so
23 they'll be listening to you--

24 MS. FRANK: [Interposing] Thank you
25 so much.

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL167
2 WELFARE AND PUBLIC HOUSING

3 CHAIRPERSON MENDEZ: And please
4 repeat your name for the record.

5 MS. FRANK: My name is Dana Frank
6 and I am an actual voucher holder or was a voucher
7 holder. And my voucher number was 0622911. I am
8 also a 9/11 survivor. How those numbers came
9 together I don't know but they did. I'm also the
10 victim of domestic violence and am now living in a
11 shelter. This is not the way my life should have
12 gone.

13 I am in need of--desperate need of
14 surgery, cannot have it in the shelter and I don't
15 know what to do. I have been told several
16 different things every time I call the Housing
17 Authority including that we were already going to
18 be put on a priority list for public housing which
19 I have the public housing application right here.

20 I don't know, I don't have anywhere
21 to turn. And I can't continue to live like this.
22 All I needed to do was get in an apartment so I
23 could heal and recover from my surgery and get
24 back on my feet to become a photographer. I was
25 almost murdered by my ex-boyfriend and my whole
upper body including my neck and my shoulder are

completely destroyed. I have five tears in my right shoulder and seven broken disks in my neck from what he did to me and need several recurrent surgeries to go, to be able to get back up on my feet and cannot do it in the shelter.

And this is not the way my life was supposed to be and when I got the voucher in August and I reiterate it, August 18th, okay the gentleman said they knew in July. I went to a meeting. They never told us the funding was limited. They never said any of the things the gentleman, the Commissioner, mentioned in our briefing. It was the light at the end of the tunnel for me for two year's worth of hell. Excuse my language but that's what it was.

And it's even worse now. They've made my problem worse than ever. They've basically limited my lifestyle in any free way you could imagine in the shelter including not being able to go out, not being able to go away from the weekend, not being able to do anything that was within my lifestyle prior to this. I have no history of drug or alcohol abuse and I am being treated in this shelter like a prisoner. I have

to be in every night by a certain time. I'm not
15 years old. Okay. I didn't--I don't have a
criminal record. I have none of these things.
And none of these instances are my fault.

The funding problem, I was breaking
up with the man the night he almost killed me
because I saw something wrong. Now I was trying
to make--correct a problem. And because of that
I'm now in this dilemma without a home and have
literally lost everything I own down to my camera
equipment. I had a home here but I was in Miami
taking care of my dying father at the time. And
now everything I own, including everything of my
father's is gone because of the domestic violence.

And I don't have a prepared speech
and I just wanted to let you guys know that it's
not right. It's just not right. I don't have any
idea what to do.

CHAIRPERSON MENDEZ: I want to
thank thinks panel and I want to thank you for
having the courage to come here and tell your
story. If there's a way that we can get in touch
with you--

MS. FRANK: [Interposing] Yes,

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL WELFARE AND PUBLIC HOUSING 170

2 please.

3 CHAIRPERSON MENDEZ: Because we
4 don't know, I mean they've mentioned, huh, this
5 Flex Fund. I don't know what that's really going
6 to do. We are talking about trying to figure out
7 a way to make the Section 8 voucher holders whole,
8 and if there's a way to do that then we want to be
9 able to get in touch with you somehow--

10 MS. FRANK: [Interposing] Yeah that
11 would be great. I would like to just add that
12 within the shelter there is also many, many
13 problems. I'm being attacked by clients and
14 verbally abused by staff. I'm being sent--I was
15 supposed to be here two weeks ago when you had the
16 original meeting but they mysteriously sent me on
17 an appointment they knew would never materialize
18 into anything for me. And I'm sorry--I'm--

19 CHAIRPERSON MENDEZ: [Interposing]
20 If you can give us the information about what
21 that--where that shelter is at and as the Chair of
22 General Welfare, Annabel Palma oversees--

23 MS. FRANK: [Interposing] Thank
24 you.

25 CHAIRPERSON MENDEZ: --has

2 oversight over DHS and the shelters--

3 MS. FRANK: [Interposing] I have a
4 residency letter for you.

5 CHAIRPERSON MENDEZ: Thank you.
6 Thank you so much.

7 MS. FRANK: Thank you.

8 CHAIRPERSON MENDEZ: Okay. The
9 next panel is Irena and forgive me, I might
10 mispronounce this, Shoneroskia [phonetic], Liliana
11 Sulonova [phonetic] and Diego Quinones. You can
12 please all step up and sit, have a seat and start
13 giving your testimony. Also I want to say that
14 we've received written testimony from
15 Congresswoman Nydia Velasquez which we will be
16 putting into the record.

17 [Pause]

18 CHAIRPERSON MENDEZ: So whenever
19 you're ready just grab the microphone, identify
20 yourself for the record and press the button so
21 that it's up and it's bright red.

22 [Pause]

23 MS. IRENA SHOMEROSKA: Hello. My
24 name is Irena Shomeroska [phonetic] and I'm here
25 for my grandparents, Lenit Pavolosky [phonetic]

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL WELFARE AND PUBLIC HOUSING 172

2 and Manny Pavolosky [phonetic]. Actually we all
3 have this signed by them and I believe you may be
4 already read that. I will read that letter from
5 them. Or I will try to make the long story short
6 and I will put it in my words.

7 They've been trying to get Section
8 8 since 1994. It was the way like that, few
9 times, when the funds were no available, they have
10 been waiting until 2007. Finally they were
11 granted. But the problem was the landlord didn't
12 want to accept the voucher. So we just had to go
13 to the court to sue him. Finally we won the
14 judgment. We have a decision, court decision but
15 after all we can't use it because the voucher was
16 not valid.

17 So we don't know who to turn to and
18 my grandparents, they are 87 years old. And they
19 are very--feel very hopeless because they're not
20 even on priority. They're not even an emergency
21 case. And they want to, you know, to count on
22 something. And I will just read that very fast
23 from just the last part of that testimony because
24 you can read it yourself and that would be
25 probably better.

1 COMMITTEES ON HOUSING AND BUILDINGS, GENERAL WELFARE AND PUBLIC HOUSING 173

2 All of the delays maybe too late
3 for many other elderly people, considering case
4 like ours is not emergency or not priority is not
5 only allowing landlords to violate the law but
6 also letting them to treat all of us in the worst
7 possible way. They can only result in more
8 heartache and might even speed up our departure to
9 the world where Section 8 is not needed at all.
10 This greatly worries us. We feel betrayed by the
11 government. We feel hopeless. Thank you.

12 Ms. LILIANA SULANOVA: Good
13 afternoon. Thank you to the Committee Chairs and
14 the Council for listening to my words, thank you.
15 My name is Liliana Sulanova [phonetic]. I live in
16 Forest Hills where I'm very active in community
17 organizations and nonprofits. As a former
18 constituent liaison for elected officials I've
19 helped people get Section 8 vouchers and I've
20 helped people stay in their homes even as rents
21 went up. This mass termination of Section 8
22 vouchers is unprecedented. As we all know times
23 are tough these days and working people need a
24 safety net now more than ever.

25 It's important to reinstate these

3 vouchers or find other homes for these thousands
4 of New Yorkers. These are the most vulnerable New
5 Yorkers, seniors on fixed, limited incomes,
6 victims of domestic violence, and working families
7 scrapping to make ends meet.

8 Many parts of New York City
9 including my home of Forest Hills are in dire need
10 of more Section 8 housing and many of these
11 families have waited over 10 years to receive
12 these vouchers. To have them taken away just like
13 that is tragic and wrong.

14 When I was a young girl my family
15 was forced to move out of our home in Rego Park.
16 We had to move to LeFrak City for its affordable
17 housing. I remember my sister and I slept on the
18 floor in the living room because our apartment
19 wasn't big enough for us to have our rooms. Times
20 were tough but we had a roof over our heads.

21 I suggest that NYCHA give the
22 affected families top priority for public housing
23 and enable them to quickly transition into new
24 homes. They went through the process and earned
25 their vouchers. They will be the first families
to get the next vouchers NYCHA issues. Recession

2 cannot be an excuse for inaction. Thank you.

3 CHAIRPERSON MENDEZ: Thank you both
4 for your testimony. And we have the written
5 testimony of Joan Myler from--she's an affordable
6 housing advocate and that is being placed in the
7 record. I want to thank everyone who was here on
8 February 9th and those who were here today and
9 stayed here until the end. We will continue to do
10 our part and work on this.

11 And all I can do is still say that
12 we are sorry that we're here today for this
13 reason. Thank you very much and this hearing will
14 come to an end. And I just want to thank my
15 colleagues for co-chairing this hearing with me
16 and our staff who worked very diligently on this.
17 Thank you.

18 [Gavel banging]

19 [END 1002.MP3]

C E R T I F I C A T E

I, Laura L. Springate certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

A handwritten signature in cursive script that reads "Laura L. Springate". The signature is written in dark ink on a light-colored background.

Signature Laura L. Springate

Date March 11, 2010