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Testimony of Representative Nydia Velazquez (NY-12)
before the New York City Council Committee on Public Housing hearing entitled, "Improvements and Remaining Challenges to NYCHA's Section 3 Resident Employment Program"
October 28, 2011 at 1:00 p.m.
16th Floor Hearing Room, 250 Broadway, New York, New York

Thank you Chairwoman Mendez, and members of the Committee. Today I would like to share my insight of the section 3 program and how my recently introduced bill, the Affordable Communities Employment (ACE) Act, will seek to fulfill the potential I see in it.

Public housing residents have been one of the hardest hit demographics of the economic downturn, with an unemployment rate of 27 percent. And while there is a need for qualified workers to repair and maintain public housing units, accessing these job opportunities remains an uphill battle for most tenants.

When it was enacted in 1968, the Section 3 employment program was envisioned to create tens of thousands of jobs in public housing communities where unemployment and poverty rates hover well above the nation average. By giving residents new avenues to employment, it was thought, whole communities could eventually achieve economic independence. This is great in theory but due to a number of factors, the program has fallen far short of its lofty goals.

While NYCHA has made efforts over the last few years to hire more section 3 residents it is too little too late. NYCHA has had over 40 years to meet the employment requirements of the program, but continues to fall short of meeting the 30 percent required of them. NYCHA cannot treat this like a "check the box" program – people's livelihoods are at stake.

In numerous discussions with tenant groups, and economic empowerment advocates, I have concluded the section 3 program has great potential but is held back not only by its vague language, but less than enthusiastic implementation by PHAs like NYCHA. In response, I introduced the ACE Act, a comprehensive bill to bring common sense reform to the section 3 program and create thousands of jobs across the country.

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Under the current law, PHAs and their contractors have spent years skirting the hiring requirements due to vague unenforceable language. To prove we are serious about creating jobs, the ACE Act removes this loophole and will hold PHAs and contractors accountable. This change has the potential to create over 1,000 new jobs for public housing residents in New York City alone.

Furthermore, the program's emphasis on construction-related job training summarily excludes the vast majority of public housing residents from ever gaining the skills they need to succeed. My bill will get these people off the sidelines and into training programs for administrative, management, and other support positions in their community.

As the Ranking Member of the House Small Business Committee, promoting small business success is one of my top priorities. That is why, for the first time, the ACE Act will require HUD funding recipients to contract with small resident-owned businesses and firms who have a proven track record hiring section 3 residents. By awarding contracts to these firms, jobs will be created beyond outside the program, helping even more families become economically independent.

Finally, the ACE Act brings a new level of accountability to the program for both HUD and PHAs. The Secretary of HUD will have bolstered authority to sanction noncompliance, while HUD will need to report to Congress annually on the effectiveness of the program. And for the first time, in an effort to encourage training and hiring efforts that exceed the requirements of this program, the Secretary will be authorized to award performance incentives to PHAs.

The reforms contained in the ACE Act are a win-win for tenants, for NYCHA, and for the City as a whole. As residents achieve economic independence, higher rental contributions will ease the burden on NYCHA's bottom line, while an increase in employed tenants will ultimately improve New York's many diverse communities.

Let me be clear, however, section 3's great potential cannot be reached without the full support of everyone involved. We must work together to ensure that a significant number of public housing residents are able to take advantage of this program and that *all* residents are made aware of the options this program offers. I believe it can work. And I believe that if we all work together, NYCHA has the ability to make it successful here in NY.

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The Affordable Communities Employment Act of 2011 (The ACE Act)

Practically every community in America has benefited from public housing, affordable living, infrastructure improvements, and public facilities supported by the U.S. Department of Housing and Urban Development (HUD). HUD's mission, however, does not end with the "bricks and mortar" of affordable housing. Instead, the agency must work to establish economic opportunities and self-sufficiency for residents of the communities it serves. The Section 3 program is a major part of that effort. Congress passed Section 3 to ensure that low- and very low-income residents benefit from those opportunities, thus multiplying the effect of HUD's investment in local economies in the form of wages to residents, contracts to resident-owned businesses or those employing them, and sales revenue for those in the community providing services to these persons.

The Affordable Communities Employment Act of 2011 (The ACE Act) brings meaningful improvements to HUD's Section 3 program and creates new job opportunities for the unemployed and underemployed, especially those living in public housing and federally-assisted rental housing.

New Avenues for Job Creation

The ACE Act builds upon the existing framework of the Section 3 program to create new training and employment requirements for Public Housing Authorities (PHAs). As a condition of receiving HUD assistance, the Act requires recipients and their contractors to provide job opportunities to low-income persons.

Housing authorities are required to have a minimum of 30 percent of their new hires be low-income persons. For contractors and sub-contractors, 20 percent of hours worked in connection with funds expended must be performed by low- and very low-income persons. These new requirements make it easier for both recipients and their contractors to comply with the Section 3 program. To further meet these goals, recipients and contractors may enter into hiring contracts with organizations representing section 3 residents.

In New York City alone, this could potentially result in more than 1,000 new Section 3 hires and $90 million in new wages injected into the community.

Increasing Job Training Opportunities

Under the ACE Act, the Secretary of HUD will also work to develop incentive programs to reward innovative PHA's that implement exceptional training programs. It also gives authority to the Secretary to offer performance incentives to recipients that exceed employment thresholds and priority to contractors that create long-term job opportunities for low-income residents. These reforms bring new economic opportunities to low-income individuals and small businesses created by HUD-funded projects in their communities.

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Opportunities for Resident-owned Small Business

Resident-owned small businesses also benefit from reforms in the ACE Act. HUD funding recipients and their contractors will be required to contract with qualifying section 3 small businesses.

Increased Program Oversight to Further Boost Job Creation

To increase compliance and maintain oversight, HUD funding recipients and their contractors must submit a Section 3 employment plan to the awarding agency describing how compliance will be achieved. If recipients and their contractors cannot comply, they must give the awarding agency evidence sufficient to prove why the requirements of this section could not be met.

Conclusion

When taken together, the reforms contained in the ACE Act leverage federal investments in housing and community development programs to help low-income people make the transition to permanent, decent-paying jobs in the private sector, thereby reducing poverty. The bill empowers more residents of low-income communities — particularly people who live in assisted housing — to build job histories and obtain the job experience and skills needed to succeed in the labor market. This builds upon HUD's mission to make job training available for those who need it most and to create a path of economic opportunity for Americans struggling with unemployment and low incomes.

Community Service Society | Fighting Poverty Strengthening New York

Testimony of
Victor Bach, Senior Housing Policy Analyst
Community Service Society of New York (CSS)
Oversight Hearings:
Improvements and Remaining Challenges to
NYCHA's Section 3 Resident Employment Program
New York City Council Committee on Public Housing
October 28th, 2011

The Community Service Society (CSS) appreciates this opportunity to comment on challenges facing NYCHA's Section 3 program. Our testimony is accompanied by a just-released CSS report, *The Housing Role in Workforce Development: Challenge to the New York City Housing Authority,* about the broad, potential role NYCHA could play in the development of its resident workforce, including and beyond Section 3.

This is a critical time to discuss how billions of HUD dollars that NYCHA receives annually can be used to open up job and training opportunities for its residents and for low-income New Yorkers. In the midst of a jobless economic recovery, with high, sustained unemployment, the impact on its residents has been disastrous. Between 2008, when the recession first struck the city, and 2010, unemployment among public housing and Section 8 voucher residents has nearly tripled, from 10 percent in 2008 to an estimated 27 percent by 2010.

The Authority's resident labor force—those either working or seeking work—consists of about 204,000 workers, 137,000 in public housing, another 67,000 in voucher-assisted units. As of 2010, an estimated 30,000 to 34,000 public housing residents are unemployed (compared to 13,000 in 2008), and an estimated 20,000 to 24,000 voucher residents are unemployed (compared to 8,000 in 2008). NYCHA should move quickly to bring its Section 3 program to full capacity:

- **Expand the Scope of Section 3 Opportunities Wherever Possible.**

In the past year there has been a breakthrough. In November 2010 CSS sent HUD a letter on behalf of the NYC Alliance to Preserve Public Housing, requesting a ruling on whether the New York Police Department (NYPD) must comply with Section 3 in return for the $73 million in HUD funds it receives annually through NYCHA. HUD's determination was yes, NYPD must comply. We look toward NYPD opening up its cadet training and police recruitment opportunities to Section 3-eligible New Yorkers; making restitution for lost Section 3 opportunities over the 16 years the Department disregarded the law, possibly moving toward a community policing model in public housing that will reduce wrongful resident arrests for criminal trespass. An arrest record does not expand a person's job opportunities.

We recommend that NYCHA follow suit and co-ordinate Section 3 efforts with the Housing Preservation and Development Department (HPD), which in 2010 received $300 million in HUD Community Development and HOME block grants, which are also subject to Section 3. In addition, NYCHA should consider seeking compliance from the Sanitation Department, which receives an average of about $1 million annually from NYCHA for special pick-ups.

- **Maximize Opportunities In Construction and Service Contract Awards.**

When NYCHA awards contracts, it now asks contractors to estimate the number of Section 3 openings. We would recommend that the number of such openings be considered a criterion for award when NYCHA compares competing bids. The Authority also needs to strengthen its monitoring of contractors to assure they are complying with Section 3, and to encourage full-time rather than part-time hires, permanent rather temporary, short-term hires.

In its Section 3 record-keeping, we recommend that NYCHA go beyond required HUD reporting and track the outcomes of its Section 3 initiatives, in terms of the quality and duration of Section 3 jobs and their influence on long-term employment and career development.

NYCHA is to be congratulated for its recent increases in Section 3 placements, about 1,500 resident placements in the past calendar year. But the figure is dwarfed by the more than 50,000 public housing and Section 8 voucher residents who are now unemployed. It would be useful to estimate what NYCHA and we should expect of Section 3, in terms of job and training placements, if its full potential were realized.

- **Develop a NYCHA GED Initiative.**

We estimate that half of NYCHA's 50,000 to 60,000 currently unemployed residents are seeking jobs without a high school diploma. The experience of 2002 to 2008, during the city's accelerated post-9/11 economic growth cycle, shows that residents without diplomas were more likely to be left behind even as opportunities expanded, particularly younger residents under 25.

Although it doesn't fall strictly under Section 3, NYCHA should give serious consideration to a broad GED initiative. Section 3 compliance in construction contracts and police services should have a pre-apprenticeship component that includes GED preparation. NYCHA community and senior center facilities should be used to house accessible GED preparation programs. In enforcing the community service requirement, The Authority should proactively encourage younger residents short of high school to enter these programs as fulfillment of or exemption from the requirement.

Thank you.

TESTIMONY FOR NYCHA SENIOR ADVISOR MICHELLE PINNOCK and DIRECTOR DEBRA-ELLEN GLICKSTEIN

OVERSIGHT – IMPROVEMENTS AND REMAINING CHALLENGES TO NYCHA'S SECTION 3 RESIDENT EMPLOYMENT PROGRAM

FRIDAY, OCTOBER 28, 2011 – 1P.M.

16TH FLOOR COMMITTEE ROOM, 250 BROADWAY, NEW YORK, NY

Chairwoman Rosie Mendez, Members of the Committee and to all Members of the City Council: it is good to be with you and to have the opportunity to discuss the New York City Housing Authority's (NYCHA) strategy to support our residents' economic empowerment, as well as our Section 3 program. I am Debra-Ellen Glickstein, NYCHA's Director for the Office of Resident Economic Empowerment and Sustainability (or REES), and joining me this morning is my colleague Michelle Pinnock, Senior Advisor of REES.

Since its inception, public housing has been more than simply a home to the families who live there. By providing stable, affordable homes to low and moderate-income New Yorkers, NYCHA developments have often been an anchor for neighborhoods during times of economic stress and transition. Through programs that enrich children's lives and services that support individuals and families in need, public housing has been one of the central pillars of community well-being and health. And as one of the largest employers and neighborhood investors—utilizing resources to maintain and repair its buildings and providing space to community non-profit organizations and commercial retailers—public housing has been one of the principal drivers of economic growth in New York City for decades.

Over time, meeting the commitment to provide more than just an affordable home has been increasingly challenged. NYCHA is not alone in facing this challenge. Housing authorities across the nation have been forced to make difficult decisions as operating and capital budgets were targeted for reductions year after year. Other priorities, including resident hiring, received no direct funding and housing authorities either had to use their own already diminished funds or seek support from local officials. Despite these challenges, NYCHA has continued to invest in resident economic empowerment, including the Section 3 program—already one of the most dynamic and far-reaching Section 3 programs of any agency that receives federal housing subsidies—expanding the Authority's long-term effort to increase career, training, and asset building opportunities for residents of public housing and Section 8 participants alike. We believe that by working together, we can do even more. Mayor Michael R. Bloomberg made expanding workforce opportunity to the New Yorkers NYCHA serves an essential part of his mandate to Chairman John B. Rhea. And under the leadership of Chairman Rhea and the NYCHA Board, resident economic empowerment received unprecedented support and is a central component of NYCHA's vision for fostering strong, vibrant communities. Today, we would like to detail the Authority's new model for supporting resident economic opportunity including the work NYCHA is doing to improve its Section 3 program.

Challenges to Investing in Resident Economic Empowerment

The federally-mandated Section 3 regulation is one of several tools for generating economic opportunities for public housing residents. Because the Department of Housing and Urban Development (HUD) mandates the program, but does not fund the mandate, meeting the goals for Section 3 requires a substantial investment of NYCHA's operating funds each year. According to our best estimate, NYCHA's operating budget could be reduced by approximately $135 million next year, which will obviously pose a significant challenge to meeting the program's goals.

As important are the drastic, long-term reductions to NYCHA's capital budget. Capital investment means direct job creation. But since 2001, NYCHA has endured steady reductions to its capital budget. In 2012, the U.S. House has proposed reducing NYCHA's capital budget to $205 million – down from $410 million in 2001, and down from $327 million last year.

Fortunately, through leveraging the power of partnerships we are achieving significant results on behalf of our residents and, as we hope to make clear, NYCHA's new approach better positions the Authority to continue supporting resident economic empowerment, even in times of dramatically reduced funding.

A New Vision

As you know, what was previously NYCHA's Office of Resident Employment Services was traditionally the department that managed the Authority's compliance with HUD's Section 3 guidelines and implemented NYCHA's strategy for connecting residents to work. After conducting a thorough review of the department's outcomes, services offered and residents' needs, the NYCHA Board outlined several goals to advance resident economic opportunity including improving how we adhere to Section 3. Those goals included broadening services to include asset building, financial literacy, and business development; becoming more flexible to meet local needs; efficiently using resources; developing strategic partnerships to access local resources; and implementing a model that is results-based and outcome driven.

In August 2009, NYCHA formed REES to create and implement a strategy to expand economic opportunity to our residents in line with the Board's goals. REES, in collaboration with residents, partners and other stakeholders, spent 2010 redesigning the ways in which NYCHA can support residents to increase their income and assets. REES has already launched several cornerstone initiatives as part of our new model, including the NYCHA Resident Training Academy, the Financial Independence Today Initiative, and the planning and launch of the second City-sponsored Jobs-Plus site. We are already seeing results. NYCHA's overall job placements have increased by more than 200 percent: from 309 in 2008, to 662 in 2009, to 953 in 2010.

NYCHA's New Approach

NYCHA recognizes that, as important as it is to help more families achieve employment stability, NYCHA is not a workforce development agency. So, recognizing this fact and acknowledging the skill of other government and not-for-profit experts in this field, we have developed a strategy for how we can improve our efforts in this area as well as partner with organizations who can help us maximize NYCHA's workforce investment in our residents.

This new strategy and model is designed to create more economic opportunities for NYCHA residents and NYCHA neighborhoods, while strategically leveraging NYCHA's investment. Using existing resources, it will provide a more comprehensive resident economic opportunity platform with additional capacity around financial literacy, asset building, adult training and education, and resident business development. It will enable NYCHA to be a better partner with residents, Resident Leaders as well as community-based organizations, government agencies, philanthropies, community colleges, schools, employers and other key stakeholders. This is a transition for NYCHA from being a direct service provider to making the Authority a strong coordinator, facilitating greater access to services for public housing residents, ultimately driving more resources and investment into public housing neighborhoods.

This new model is based on NYCHA's assets—including direct connection to more than 400,000 public housing residents and 235,000 Section 8 participants; significant property resources; existing relationships with vendors; and policy-making capability—and the recognition that NYCHA is one stakeholder within a broader economic development eco-system.

The new approach recognizes that different neighborhoods have different needs and unique resources. It seeks to establish local, place-based networks, thereby enabling the Authority to leverage local assets and increase local capacity. Each "zone" will be managed by a Zone Coordinator, a neighborhood-based NYCHA employee who will use local knowledge to create and manage economic opportunity networks.

NYCHA anticipates operating 15 "zones" citywide that will serve residents living in approximately 14,000 public housing units each. This place-based approach allows NYCHA residents and Section 8 participants to be served in place, while driving more resources and investment into public housing neighborhoods and their surrounding communities.

This model will also facilitate better coordination, by utilizing routine interactions between NYCHA residents, resident leaders and local development staff to share relevant information and make smart referrals to service providers. By building on existing relationships, NYCHA will create resident referrals that reflect a strong match between residents' needs and local partners' service offerings.

My colleague Michelle Pinnock will now discus some concrete examples of how our new approach is creating positive outcomes for residents.

NYCHA Resident Training Academy

Thank you, Debra-Ellen. And thank you, Chairwoman Mendez and your committee members for inviting us to talk about this very important NYCHA effort. I'll begin with the NYCHA Resident Training Academy—or RTA. RTA is a principal example of the ways in which NYCHA can leverage its assets and the power of public-private partnerships to support residents to increase their income and build assets. A partnership among NYCHA, Robin Hood, and some of the best employment trainers in New York City, the RTA offers a variety of employment-linked training to assist trainees in building technical and professional skills to best position them for future careers.

Robin Hood invested $750,000 to support the RTA in its first year. This funding supported two training tracks—janitorial services and construction. Training was led by Brooklyn Workforce Innovations, Nontraditional Employment for Women, and Building Works. Qualified graduates from the construction training track received job placement assistance for jobs with NYCHA contractors and at NYCHA in a variety of construction positions. Qualified graduates from the janitorial training track received job placement assistance for jobs at NYCHA as Caretakers. Both of which support our Section 3 compliance.

To date, 138 NYCHA residents had graduated across all training cycles in the first year of the program. 89 percent of the graduates (123) have secured a job. 12 graduates (32 percent of construction training placements) have been accepted into Labor Unions, including D.C. 9 (Painters), Local 79 (Laborers), Local 78 (Asbestos Handlers), Local 1 (Bricklayers/PCC Apprentice), and Local 3 (Electricians).

Based on the RTA's success, Robin Hood and NYCHA have increased investment in the initiative. Robin Hood is investing $1.2 million in the second year. The RTA will train 460 residents and expects to support 300 qualified graduates in job placements.

In addition to the construction and janitorial training track, the RTA will now include pest control training that will prepare NYCHA residents for jobs at NYCHA as Pest Control Technicians and for careers in the private sector.

The Training Partners for the second year include Brooklyn Workforce Innovations, Nontraditional Employment for Women, City Tech, Center for Family Life and St. Nicks.

Jobs-Plus

As you may know, Jobs-Plus is a national, evidence-based program that saturates public housing communities with customized employment services, financial literacy resources, financial incentives, and peer support to working-age residents. New York City is currently home to three Jobs-Plus sites, two of which are city-sponsored—Jefferson Houses Jobs-Plus and BronxWorks Jobs-Plus.

And NYCHA is looking forward to working with the Center for Economic Opportunity and the Human Resources Administration to launch up to eight additional Jobs-Plus sites over the next year. The expansion of Jobs-Plus sites throughout New York City marks a key milestone in our new approach to better supporting its residents to increase their income and assets. In addition to leveraging our assets to ensure that NYCHA residents are taking full advantage of high quality existing local resources to reach their career and financial goals; NYCHA is working with public and private partners to identify gaps in service offerings and develop strategies to attract additional high-quality and relevant resources and proven economic opportunity models, such as Jobs-Plus, into public housing neighborhoods.

Financial Independence Today

As I mentioned, implementing NYCHA's new economic platform involves broadening support to residents beyond training and employment.

NYCHA is owed as much as $20 million in uncollected rent in any given month—a significant source of stress on families, as well as needed revenue to help maintain ongoing operations and programs. In response, REES launched the Financial Independence Today (FIT) Program, an innovative partnership with the East River Development Alliance (ERDA) and the United Way of New York City to focus on increasing financial stability for public housing residents, particularly those facing rental arrears.

The FIT program is an example of the value that partnerships between NYCHA and local community-based organizations bring to public housing residents. Over 1,000 residents in public housing in Western Queens have been served to date through FIT interventions, including one-one counseling for residents facing rental arrears, non-rental arrears long-term counseling, tenant advocacy services, comprehensive public benefits screening and enrollment, financial education workshops, and NYCHA rent payment at the ERDA Federal Credit Union.

NYCHA is currently in discussions to formalize a partnership with another community-based organization to provide similar services in Brownsville, New York.

NYCHA's Section 3 Program

One of NYCHA's assets is the creation of and access to jobs either directly or through the agency's contractors. Section 3 is a provision within HUD's Act of 1968, which requires recipients of federal housing assistance funding to generate, to the greatest extent feasible, job training, employment, and contracting opportunities for public housing and low-income residents in connection with federal expenditures for operations, modernization and development. In order to demonstrate compliance, the goal for Section 3 is that 30 percent of new hires be public housing or other low-income residents. To further strengthen Section 3 and to generate more employment opportunities, NYCHA has an additional standard for contracts in excess of $500,000, requiring that 15 percent of total labor costs be expended to hire NYCHA residents. NYCHA has instituted several process, monitoring and service enhancements to create increased job placement and advancement opportunities, including ongoing monitoring of resident hiring by the Board before the award of contracts; new tracking tools, diversification of employment offerings; broader applicability of the 15 percent of labor costs requirement; agreements with a few unions specifically created to increase access for NYCHA residents; and greater collaboration between REES, Administering Departments, and the Law Department enforcing compliance including issuance of warning letters, periodic compliance meetings and temporary withholding of funds. Two additional areas of focus to address historical employment challenges have been developing a pool of qualified residents to meet contractors' workforce needs through employment-linked training, such as the Resident Training Academy, and establishing "re-placement" support to residents to foster employment continuity given the short-term and seasonal nature of many Section 3 jobs.

We believe that there's more to be done to optimize the power of the regulation and we are proud to be going in the right direction. The number of NYCHA's Section 3 job placements has expanded from 41 in 2008, to 265 in 2009, to 621 last year—an increase of over 1,400 percent in just three years. Last year, contractors exceeded the 15% of labor cost goal by nine percent. And through rigorously applying NYCHA's and HUD's standards, 82 percent of new hires in 2010 by NYCHA contractors subject to Section 3 were NYCHA residents, far exceeding HUD's mandate.

In 2011, through September, there have been 704 hires facilitated with NYCHA contractors; already surpassing the 2010 number of placements. Additionally, NYCHA has hired 901 residents directly, of which 198 were for full-time positions.

Over the next four to six months, we will be exploring additional ways to enhance monitoring across the agency, develop mechanisms and test models to foster contracting opportunities with Section 3 business concerns, and updating policies and procedures.

Areas for Greater Collaboration

NYCHA is committed to making its already strong Section 3 program and resident economic empowerment model even better. But we can only do that if we work together—with our partners in government, non-profit service, and private philanthropy.

So, NYCHA is working to increase collaboration and integration between all City agencies that touch workforce development, including the New York City Department of Small Business Services, the Department of Youth and Community Development, and the Human Resources Administration.

NYCHA is continuing to leverage private funding from partners such as Robin Hood, J.P. Morgan, and Goldman Sachs.

NYCHA is in the early stages of expanding its model to the private sector, going beyond connecting residents and low-income New Yorkers to careers with the Authority and with NYCHA contractors to connecting them to careers with private sector contractors, developers, and construction companies.

Just as NYCHA is committed to supporting our residents to prepare for and find work, the Authority is similarly focused on supporting resident entrepreneurs to develop their businesses. Our new approach will be particularly helpful in assisting NYCHA to manage these relationships, many of which are area specific.

Finally, NYCHA is forming a broad coalition of partners, each of whose work focuses on empowering New Yorkers to improve their lives and their communities. Their work touches on education, like the City University of New York who partners with the Authority to offer the NYCHA Resident Scholarship; it focuses on personal development and strengthening families, like the partners of the NYCHA Fatherhood Initiative and the Mayor's Young Men's Initiative; their work involves financial literacy, asset building and community empowerment, like the East River Development Alliance and Community Solutions; and other partners such as Public Housing Communities and Green City Force.

Because NYCHA's coalition is so diverse, the potential for partnerships with the Council and with agencies throughout the City to invest in this important work are equally broad.

Conclusion

Section 3 is an important tool to increase public housing residents' employment opportunities. But in a challenging economic environment and in the face of reduced funding, meeting the goals of Section 3 requires that NYCHA develop innovative approaches, maximize existing funding and resource networks, and create new partnerships with proven service and training providers.

We look forward to working with the Council and with our partners throughout New York to ensure that we continue building upon the success we have already achieved for the families of public housing.

Thank you and I look forward to your questions.

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Testimony by The Legal Aid Society

Before the New York City Council Committee on Public Housing- Oversight Hearings- Improvements and remaining challenges to the New York City Housing Authority's (NYCHA) Section 3 Resident Employment Program

The Legal Aid Society (the Society) in New York City is the nation's oldest and largest not-for-profit provider of legal help for vulnerable low-income children and adults.

Operating from 25 locations in New York City with a full-time staff of 1,600, including 925 lawyers and 675 social workers, paralegals, investigators, and support and administrative staff, the Society handles some 300,000 individual cases and legal matters each year. The Society operates three major practices: the Criminal Practice, which serves as the primary provider of indigent defense services in New York City; the Juvenile Rights Practice, which represents virtually all of the children who appear in Family Court as victims of abuse or neglect or as troubled young people facing charges of misconduct; and the Civil Practice, which improves the lives of low-income New Yorkers by helping families and individuals obtain and maintain the basic necessities of life - housing, health care, food, and subsistence income or self-sufficiency.

With a focus on enhancing family stability and security, through a network of neighborhood offices and city-wide special projects in all five boroughs of the City, the Civil Practice helps vulnerable families and individuals with these legal problems: housing, foreclosure and homelessness; family law and domestic violence; income and economic security assistance (such as unemployment insurance benefits, federal disability benefits, food stamps, and public assistance); health law; immigration; HIV/AIDS and chronic diseases; elder law for senior citizens; low-wage worker problems; tax law for low-income workers; consumer law; education law; community development opportunities to help clients move out of poverty; and reentry and reintegration matters for clients returning to the community from correctional facilities. Typically, clients seek assistance from the Civil Practice after exhausting all other avenues for assistance. The Society's Civil Practice is the safety net when all other safety nets fail. During the past year, our Civil Practice completed work on over 43,000 individual cases and legal matters, benefiting nearly 100,000 low-income children and adults, with an additional two million low-income New Yorkers benefiting from our law reform and class action litigation.

The Society is counsel on numerous class-action cases concerning the rights of public housing residents and is a member of the New York City Alliance to Preserve Public Housing, a local collaboration of NYCHA resident leaders, advocates and concerned elected officials.

We appreciate the opportunity to testify before the Committee on Public Housing, Oversight Hearings, concerning improvements and remaining challenges to the New York City Housing Authority's (NYCHA) Section 3 Resident Employment Program. We greatly appreciate the leadership of Chair Rosie Mendez and her commitment to public housing and Section 8 residents.

The purpose of the Department of Housing and Urban Development's (HUD) Section 3 program established by the Housing and Urban Development Act of 1968, is to provide economic, training and other employment opportunities to low-income individuals[1]. Specifically, Section 3 requires that recipients of certain forms of HUD funding, to the greatest extent feasible, provide job training, employment and contracting opportunities to

[1] 12 U.S.C. 1701u(b).

low- and very low-income residents and eligible businesses[2] in connection with projects and activities in their neighborhoods. The potential for jobs for low-income residents under Section 3 is extensive and continues to be so.

On July 26, 2011, John Trasvina, Assistant Secretary for Fair Housing and Equal Opportunity at the United States Department of Housing and Urban Development (HUD) issued a letter to John B. Rhea, Chairman of NYCHA in which HUD determined that Section 3 and its requirements are applicable to the 1994 Memorandum of Understanding (MOU) between NYCHA and the City of New York on the merger of the NYCHA Police Department with the New York City Police Department (NYPD). In FY 2010, pursuant to the MOU, NYCHA paid over $75 million to NYPD for ongoing law enforcement services for NYCHA's properties and residents. In its letter in July, 2011, HUD further directed NYCHA to ensure that NYPD becomes or remains in compliance with Section 3, as a "recipient" of Section 3 covered financial assistance.

We are pleased that NYCHA is now implementing Section 3 and are encouraged by the most recent data released by NYCHA in its Section 3 Program Summary Report contained in Attachment M to the NYCHA FY 2012 Annual Plan submitted to HUD in October, 2011. However, the Society believes that there are still steps that NYCHA must take to ensure that the Section 3 program reaches its full potential - that all unemployed NYCHA residents and other low-income New Yorkers have an opportunity to find a job or to have meaningful training towards employment. To that end, the Society also supports the Affordable Communities Employment Act of 2011, legislation recently introduced by U.S. Congresswoman Nydia M. Velazquez, that brings meaningful improvements to the Section 3 program and creates new job opportunities for the unemployed, underemployed, especially those living in public housing and federally assisted rental housing.

We have the following recommendations to NYCHA to help ensure that the Section 3 program reaches its full potential:

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[2] *Id.* At §1701u(c)-(d).

1. NYCHA should use the "Philadelphia Section 3 Model". Under this model, NYCHA would:

a. institute comprehensive programs to pre-qualify the resident workforce for a range of job opportunities through GED programs, internships and pre-apprenticeships.

b. create a centralized pool of qualified residents for contractors, NYCHA and NYPD to draw from.

c. require contractors, NYPD and other recipients of Section 3 covered financial assistance to draw from the qualified resident pool.

2. Section 3 should be used to off-set the mandated community service requirement which is being implemented effective January, 2012. NYCHA should actively promote enrollment in GED programs as a way to fulfill the community service requirement. If Section 3 was fully implemented, many public housing residents would have jobs and could be thus exempt from community service. We recommend that anyone who has a Section 3 form on file and is waiting for training or work opportunities through NYCHA's Department of Resident Employment Services should be exempt from the community service requirements.

3. Compliance by NYPD with its Section 3 obligations is vital and should be a priority. Since 1994, NYCHA has paid over $1.2 billion to NYPD for policing, funds that are covered by Section 3. The Society urges NYCHA to ensure that any negotiation of a compliance agreement between HUD, the NYPD and NYCHA should be an open process involving residents and advocates and that a restitution plan be considered to address the lost employment, training and other economic opportunities that result from 17 years of non-compliance with Section 3 obligations. Furthermore, if the forthcoming NYCHA-NYPD plan for Section 3 compliance represents an amendment to the standing Annual Plan, NYCHA must designate it as a "significant amendment", which would require written notice, a 45-day review period, and a public hearing.

4. NYCHA should implement a much-needed program to recruit and train qualified NYCHA residents as auxiliary police officers on NYCHA properties. The creation of a NYCHA auxiliary police program was approved at a meeting of the NYCHA Safety and Security Task Force in April, 2010. It is our understanding that NYCHA has not implemented this idea to date in any of its developments and we believe that Section 3 is the appropriate and necessary funding source for the NYCHA auxiliary police.

5. The Society also urges NYCHA to include Section 8 participants in its implementation of the Section 3 program.

<u>Conclusion</u>

We appreciate the opportunity to testify before the Council Committee today and hope that the Council will do all that is within its power to compel NYCHA to address the concerns outlined above.

Respectfully Submitted:

Steven Banks, Attorney in Chief
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From The Desk Of Reginald H. Bowman, President
City-Wide Council of Presidents
New York City Housing Authority
Representing 600,000 residents of Public Housing in the 5 Boroughs in New York City
Contact Information: (718) 922-7141

Public Housing Residents Want Section 3 Compliance Now!!!

Testimony before the NYC Council Committee on Public Housing

On The Section 3 Program

Submitted by:
Reginald H. Bowman, President
October 28, 2011

Section 3 is the Housing and Urban Development Act of 1968 as amended. This act recognized in 1968, that job training, employment and contract opportunities are generated by HUD Programs designed to aid housing, urban planning and community development.

Section 3 is a mandate to target these economic opportunities flowing from the HUD assisted projects to lower income residents and businesses in those jurisdictions and areas where HUD is "investing" public resources.

Through HUD regulations, participants in HUD assistance programs, recipients, and contractors are required to make good faith efforts to provide "to the greatest extent feasible" opportunities to Section 3 area residents and Section 3 Business concerns.

These are the exact words quoted from the Handbook 8023.1 for Program Participants and Departmental staff for the "Implementation of Section 3 of the Housing and Urban Development Act of 1968 as amended.

The book that is referenced in this testimony is dated July 1992, 24 years after the act, (statute) Public Law 90-448; 82 Statute 476; USC 1701u. This act is designed to provide employment opportunities for lower income persons in connection with Assisted Projects. This statute goes on to state that, in the administration of programs providing direct financial assistance, including "Community Development Block Grants, in aid of Housing, Urban Planning, Development, Redevelopment, or Renewal, Public or Community facilities, and New Community Development, The responsibility for implementing these statutory provisions is delegated to the HUD Assistant Secretary for Fair Housing and Equal Opportunity. Section 3, directed toward lower income residents and businesses, was originally designed to stimulate jobs and contracts for those persons who would be the beneficiaries of HUD's program assistance, primarily through large construction projects.

The statute was amended in 1969 to:

Extend its coverage from exclusively housing programs to HUD programs providing direct financial assistance in aid of housing, urban planning, development, redevelopment, public or community facilities, and new community development.

The statute was amended again in 1974 to:

Explicitly include the Community Development Block Grant Program.

The statute was amended finally in 1980:

To change the locational preference from project area to larger geographical areas for training, and employment, the area of the project became the unit of local government or metropolitan area (or non-metropolitan county). For contracts metropolitan area (or non-metropolitan county).

The Secretary of HUD shall:

(1) require, in consultation with the Secretary of Labor, that to the greatest intent feasible, opportunities for training and employment arising in connection with the planning and carrying out of any project assisted under any such program, be given to lower income persons residing within the unit of local government or the metropolitan area (or non-metropolitan county) as determined by the Secretary in which the project is located; and

(2) require, in consultation with the Administrator of the Small Business Administration; that to the greatest extent feasible, contracts for work to be performed in connection with any such project, be awarded to business concerns including but not limited to individuals or firms doing business in the field of planning, consulting, design, architecture, building construction, rehabilitation, maintenance, or repair, which are located in or owned in substantial part by persons residing in the same metropolitan area (or non-metropolitan county) as the project.

The Handbook on The Statute and Regulatory Guidelines of Section 3 provides information and guidance to HUD program participants to assist in understanding their obligations. The Handbook also provides: Specific guidance necessary to enable HUD to actively and effectively implement Section 3 consistent with the mandates of Congress and the (local) economic development and local empowerment objectives of HUD's Various Housing and Community Development Programs. (Cite background and legal authorities)

1.2 Section 3 Covered Programs

1.3 Key terms consistent with the statutes and regulations

Implementation Strategies

Section 3 is:

Similar to that of all Civil Rights Law…

Section 3 is a "program requirement" incorporated into the regulations, contract documents, handbooks, and other issuances of governing administration of HUD assistance. The FHEO (Fair Housing and Equal Opportunity Department of HUD) is to treat Section 3 as other Civil Rights Programs Standard. This is another area of Section 3 Compliance that is currently a dismal failure.

The Current State of Section 3

It is my firm belief that the City government, its agencies, that have according to Section 3 regulations and statues been the recipients of HUD funding in the categories detailed by the HUD Act of 1968 as amended are guilty of gross negligence and non-compliance with the letter of Section 3 regulatory rules and statutory procedures.

Why Residents of Public Housing and Low Income Communities Cannot Wait

Section 3compliance and implementation has failed. The Act originally created in 1968 has never lived up to its intention. The regulatory agency, HUD, The City of New York, The New York City Housing Authority, and all of the recipients of federal funding that have amounted to billions of dollars in local and metropolitan aide have been willing participants in a gross and egregious failure to provide the resources and compliance with Section 3 that would have created a level economic playing field for the low income residents of public housing, and residents of the local metropolitan communities. Since 1968 to the present, Public Housing, business concerns, and covered projects that fall under Section 3 Statutes and Regulations are victims and something must be done by the HUD, local elected, and agency officials who have let decades of economic opportunity be squandered with no way of recovering the loss.

What the Residents of Public Housing Want

At this time it would be ideal if the decades of losses of Section 3 opportunities could be calculated and the money be put into a "Trust Fund for Restoration" of the economic infrastructure of the low income communities that were denied their Civil Right to the Section 3 billions that are now gone. Residents are owed more than lip service, apologies, or amendments of the Section 3 Law. If there is to be a fair resolution of this issue then the following steps must be taken to reimburse the low income class of people that have been victimized by more than thirty (30) years of non-compliance with Section 3 regulatory statutes.

1. A Task Force for Section 3 compliance must be put in place to create a comprehensive Section 3 compliance procedure that will ensure that the current regulations that govern the implementation of Section 3 rules for all federal projects funded in the metropolitan area are followed and adhered to.
2. The New York City Housing Authority and all agencies that receive federal funding and program contracts that falls under the jurisdiction of Section 3 must have supervisory bodies that consist of residents, and the appropriate regulatory monitors from HUD that will ensure that Section 3 rules and regulations are adhered to.

After years of gross negligence the residents of public housing and the people of low income communities will not settle for crumbs, explanations, promises and amendments to create more bureaucracy that we already know will not guarantee that we will receive what we are entitled to.

Indeed, it is the duty and responsibility of myself, as a resident leader, and the governing bodies of the City of New York to be diligent and to go beyond political posturing to introduce comprehensive legislation in the City Council that enforces the law.

It is therefore my urgent request that the Housing Committee of the City Council recommend and sponsor legislation that will create the Task Force, that I recommended previously, and create the supervisory resident and HUD agency monitors that will ensure that Section 3 compliance will become the rule that governs the funds that are supposed to come into the hands of the Public Housing and Low Income communities of the City of New York. Anything other than this pro-active response is just lip service. Residents want actions not answers after all, its' been more than thirty (30) years, and I believe we have waited long enough.

Thank you.

Reginald H. Bowman, President

City-Wide Council of Presidents

Attachments

CHAPTER 1. PURPOSE AND OVERVIEW

This Handbook provides instructions and guidance to Fair Housing and Equal Opportunity (FHEO) Regional and Field staff regarding their responsibilities for implementing Section 3 of the Housing and Urban Development (HUD) Act of 1968 (12 U.S.C. 1701u) (Section 3). This Handbook also provides useful information and guidance to HUD program participants to assist them in understanding their obligations. It is intended to provide the specific guidance necessary to enable the Department to actively and effectively implement Section 3 consistent with the mandates of Congress and the economic development and local empowerment objectives of the Department's various housing and community development programs. Specifically, this Handbook:

- o sets forth the statutory provisions of Section 3;
- o discusses the roles of HUD staff;
- o identifies resources which may be used to facilitate and support Section 3 objectives;
- o outlines the Section 3 requirements of recipients and contractors; and
- o describes how FHEO staffs performs their functions to assure compliance with Section 3.

1-1. Background and Legal Authorities

A. Section 3 is a statutory provision which requires that HUD administer its programs providing direct financial assistance so that, to the greatest extent feasible, opportunities for job training, employment, and contracting are given to lower income persons and firms in the area in which a HUD-assisted project is located.

B. The Assistant Secretary for Fair Housing and Equal Opportunity has been delegated the responsibility for implementing this statutory provision. Section 3 is directed toward lower income residents and local businesses. Its legislative history reveals that Section 3 was originally designed to stimulate jobs and contracts for those persons who would be the beneficiaries of HUD's program assistance, primarily through large construction projects, many of which were located in "ghetto areas." The statute was first amended in 1969 to extend its coverage from exclusively housing programs to HUD programs providing direct financial assistance in aid of housing, urban planning, development, redevelopment or renewal, public or community facilities, and new community development. The statute was amended again in 1974 to explicitly include the community development block grant programs. It was amended a third time in 1980 to change the locational preference from "project area" to larger geographical areas. For training and employment, the area of the project became the unit of local government or metropolitan area (or nonmetropolitan county), as determined by the Secretary of HUD. For contract purposes, the locational preference became the metropolitan area (or nonmetropolitan county).

1-2. Section 3 Covered Programs

Section 3 applies to direct financial assistance awarded, provided, or otherwise made available under any program administered by HUD, in the form of loans, grants (including community development block grants), cooperative agreements, subsidies, contributions, or other types of financial assistance provided in aid of housing, urban planning, development, redevelopment, or renewal, public or community facilities, and new community development. Section 3 does not apply to financial assistance made available solely in the form of insurance or guaranty or to HUD's direct procurement activities. Section 3 applies to both planning and implementation aspects of a project.

1-3. Key Terms

Set forth below are the definitions of key terms used in this Handbook. These terms are consistent with the statute and the regulations.

A. **Financial assistance** means grant, entitlement, loan, cooperative agreement, contract (other than a procurement contract or insurance or guaranty), or any other arrangement by which HUD provides or otherwise makes available assistance in the form of funds, service of Federal personnel, or real or personal property.

B. **Recipient** means any entity which receives assistance for a project including, but not limited to, mortgagors, developers, States, units of local government or other public bodies (or agency or instrumentality thereof), public or any private nonprofit organizations, limited dividend sponsors, builders, property managers, resident councils, resident management corporations or cooperative associations.

C. **Section 3 area**, for purposes of job training and employment, is the same unit of local government or metropolitan area (or nonmetropolitan county), as determined by HUD, in which the project is located. For the purpose of contracts, the Section 3 area is the same metropolitan area (or nonmetropolitan county) as the project. (See paragraph 5-2 C "Determining the Section 3 Area," for further guidance.)

D. **Section 3 area resident** means any individual who resides within the unit of local government or the metropolitan area (or nonmetropolitan county), as determined by HUD, in which the Section 3 covered project is located, and whose family income does not exceed 90% of the median income of the metropolitan statistical area (or nonmetropolitan county) in which the project is located.

E. **Section 3 business concern** refers to any business located within the Section 3 area and any business owned in substantial part, at least 51%, by persons residing in the Section 3 area. Such a business must also qualify as small under the small business size standards of the Small Business Administration. In addition, a business which is "owned in substantial part by persons residing in the Section 3 area" must be owned by persons considered by the Small Business Administration to be socially or economically disadvantaged.

F. **Section 3 covered project** means any non-exempt project assisted by any program administered by HUD in which financial assistance is provided to support housing, urban planning, development, redevelopment or renewal, public or community facilities, and new community development (except where the financial assistance is solely in the form of insurance guarantees). Note that the regulations provide an exemption for certain projects and contracts in only three programs - those programs administered under Sections 235 and 236 of the National Housing Act and any Public Housing Program. For these three programs, contracts which do not exceed $500,000 in estimated cost are exempt from the requirements of Section 3. Further, any subcontracts which do not exceed $50,000 are exempt from Section 3 requirements. *For example, a public housing agency (PHA) is administering a Comprehensive Grant for $1 million. In connection with this project, the PHA has a contract of $675,000 and two subcontracts: one for $100,000 and one for $49,000. The contractors with an award of $675,000 and $100,000 must comply with regulations implementing Section 3 as set forth in 24 CFR Part 135. The contractor with an award of $49,000 is exempt from Section 3 requirements.*

1-4 Implementation Strategy

A. Section 3 is an equal opportunity law; however, it is not a civil rights law which prohibits discrimination. Nonetheless, implementation of Section 3 is similar to that of all civil rights law for which FHEO has responsibility; this includes investigation of allegations of violations of law and conducting compliance reviews. Further, Section 3 is a "program requirement" in the same way that all of the civil rights laws, e.g. Title VI, Title VIII, and Section 504, constitute program requirements which are incorporated in the regulations, contract documents, handbooks and other issuances governing administration of HUD assistance programs. FHEO staff functions, as set forth in Chapter 5 below, are identical to those functions performed with respect to the civil rights program standards.

B. Effective implementation of Section 3 requires:

1. consultation and coordination with the Department of Labor and the Small Business Administration;

2. communication with public and private entities which provide job training, employment and/or business development services for lower income persons and business concerns;

3. coordination with HUD Program Offices and other HUD staff involved in training, employment, and indirect procurement activities;

4. timely and thorough investigation of grievances and, where deemed appropriate, conduct of compliance reviews;

5. technical assistance to HUD recipients and their contractors; and

6. provision of information to Section 3 residents and business concerns.

READ INTO RECORD

Testimony of
Lindsay Cattell, Research and Policy Associate
The Community Development Project of the Urban Justice Center
at Oversight Hearing on
***Improvements and Remaining Challenges to NYCHA's Section 3 Resident Employment Program* held by**
New York City Council Committee on Public Housing
October 25th, 2011

My name is Lindsay Cattell and I am a Research and Policy Associate at the Community Development Project (CDP) of the Urban Justice Center. CDP strengthens the impact of grassroots organizations in New York's low-income and other excluded communities. CDP's Research and Policy Initiative partners with and provides strategic support to grassroots community organizations to build the power of their organizing and advocacy work. We utilize a "participatory action research" model in which low-income and excluded communities are central to the design and development of research and policy.

Recently, CDP partnered with five community based organizations that organize public housing. There organizations are CAAAV: Organizing Asian Communities, Community Voices Heard (CVH), Families United for Racial and Economic Equality (FUREE), Good Old Lower East Side (GOLES), and Mothers on the Move (MOM). Together, we released a new report titled *"A Report Card for the New York City Housing Authority (NYCHA): Residents' Evaluation of NYCHA and Recommendations for Improvement."* The report was the result of a year-long, citywide, participatory research project. CDP's partner groups collected 1,446 report cards from 71 NYCHA developments that asked public housing residents to "grade" NYCHA on issues related to repairs, maintenance and management. The report included NYCHA's grades, research findings and recommendations for NYCHA to improve programs and policies.

The report card specifically asked NYCHA residents to grade critical NYCHA job opportunity programs, like the Section 3 program and the Resident Employment Program, aimed at helping the approximately 80,000 unemployed NYCHA residents. Report Card results show that NYCHA is not sufficiently informing residents of existing opportunities and that overall, NYCHA is failing to fully implement and enforce program regulations.

Of the report card survey respondents:

- 1/5 had lost their job in the past year;
- 1/3 are skilled in construction and interested in working for NYCHA and its contractors;
- 74.3% have not heard of NYCHA job opportunities.

Current federal regulations require 30% of new jobs created from federal capital funds to go to low-income community residents working for NYCHA contractors. While this is a very low threshold for employing residents, Section 3 could help NYCHA invest in the employment future of residents and improve the existing housing stock while also increasing rent revenue rolls.

But for the past several years, NYCHA has often failed to meet Section 3 requirements. A recent report by Community Voices Heard found that only 6.7% of new jobs created through NYCHA's portion of American Recovery and Reinvestment Act (ARRA) funds went to low-income community residents. And even NYCHA's own, Resident Employment Program, has failed to hire the minimum number of residents.

With 80,000 unemployed public housing residents, there is a great need for job training and employment opportunities. NYCHA needs to leverage its resources to create as many sustainable employment opportunities for residents as possible. To address the need for employment opportunities, NYCHA should:

1. Require contractors to hire public housing residents for 30% of total hours worked on all capital projects (rather than 30% of new hires).
2. Allocate $5 million to develop and implement a pilot green jobs training program, which would offer specialized training for residents to learn how to retrofit existing public housing buildings

and property. This program would help NYCHA meet its Section 3 and Resident Employment Program requirements.

3. Program funds already allocated for the greening of NYCHA with workforce development training funds through the U.S. Department of Labor or the local Human Resources Administration (HRA).
4. Create a Workforce Development Center to provide a central place for public housing residents to receive job training and career and work placement services, particularly Section 3 opportunities. A center built by the Philadelphia Housing Authority could serve as a model for this program.
5. Include Section 3 information with rent receipts that are already sent to residents on a monthly basis.
6. Create a Section 3 website that explains the program and includes a searchable database of Section 3 employment and training opportunities.

If NYCHA just took these few simple steps, they could greatly improve the effectiveness and reach of their employment programs. Thank you.

READ INTO RECORD

BTEA: NEW YORK'S ALLIANCE OF UNION CONTRACTORS
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Telephone: 212 704 9745 • Facsimile: 212 704 4367

Louis J. Coletti
President & CEO

TESTIMONY TO THE NEW YORK CITY COUNCIL

COMMITTEE ON PUBLIC HOUSING

RE: NYCHA SECTION 3 RESIDENT EMPLOYMENT PROGRAM

OCTOBER 28, 2011

SUBMITTED BY

HENRY C. KITA

SENIOR VICE PRESIDENT

BUILDING TRADES EMPLOYERS' ASSOCIATION

Good afternoon.

My name is Henry Kita. I am the Senior Vice President of the Building Trades Employers' Association of New York City (BTEA). The BTEA represents 27 contractor associations comprised of approximately 1,700 construction managers, general contractors and subcontractors who employ the members of the Building and Construction Trades Council of Greater New York. Simply put, our BTEA members are "union" construction contractors.

I am here this afternoon to provide some comments and observations from the management perspective of the union construction industry on the New York City Housing Authority (NYCHA) Section 3/Resident Employment Program.

While the BTEA recognizes the worth of the Section 3 program and the positive impact that it has had on the lives of the residents of the New York City Housing Authority, we believe that the program would have a more significant impact on those it serves with the introduction of apprentice program requirements. As it stands now, the Section 3 Resident Employment

Program is structured to provide temporary job opportunities, not careers. At the conclusion of projects and work assignments, residents often return to the status of the "unemployed". The imposition of apprenticeship requirements for those contractors doing work for NYCHA under Section 3, would give NYCHA residents a better chance of turning these temporary jobs and work opportunities into potential careers.

At one point several years ago, the Edward J. Malloy Initiative for Construction Skills, a workforce development program affiliated with the Building and Construction Trades Council of Greater New York, had an agreement for a program for NYCHA residents that placed adults in pre-apprentice and apprentice programs in the construction trades. Of the approximately 350 NYCHA adults that went through the Construction Skills program, over 60 percent were subsequently placed in apprentice programs in the construction trades. These apprentice placements represent individuals who now have some hope for a long term career in the union construction trades. Unfortunately, the relationship between NYCHA and the Construction Skills Program, for the placement of its residents in job opportunities in the Building Trades, has ended.

In conclusion, the BTEA would strongly urge that NYCHA consider, as may be feasible, the imposition of apprentice program requirements for contractors doing work for the Authority. This might give NYCHA residents a fighting chance of a long term career, in the New York City construction industry. Likewise, the BTEA urges NYCHA to entertain once again, the possibility of working with the Malloy Initiative for Construction Skills and provide its residents with the opportunity for careers and financial independence in the union construction industry.

The BTEA thanks you for the opportunity to provide these comments.

Ann Valdez
Gravesend Houses
New York City Council Section 3 Hearing
October 28, 2011

Good Afternoon, council members, thank you for holding this hearing regarding Section 3. Currently the unemployment rate in New York City is nearing an all time high and resident of public housing are amount those numbers. While NYCHA has worked to improve Section 3, they still have a long way to go, to address this issue.

Recently a memo from the Department of Housing and Urban Development (HUD) was issued to NYCHA informing them that the payments they are currently paying the New York Police Department (which amounts to more than $60 million), is subject to compliance with Section 3. It is our hopes that the Council will support the elimination of the payment to the NYPD but that another hearing.

We are here to talk about Section 3 and I would like to encourage the Council to make sure that the NYPD is working to become Section 3 compliance. Given the poor experience that many public housing residents are currently experiencing with the NYPD, a commitment to adhering to Section 3 and providing public housing resident with jobs, can surely be a way to start to work on the tense relationship residents now share with the police. I again call on the council to make sure that NYPD takes Section 3 seriously and that we can soon see folks getting jobs with not just construction contractors but with the NYPD.

Thank you for allowing me to address you today, and I look forward to seeing Section 3 become what it truly can be for public housing residents.

COMMUNITY VOICES HEARD

Testimony

October 28, 2011

Name: Agnes Rivera
Development: Wagner Houses
Organization: CVH (Community Voices Heard) Board Co-Chair
Topic: Section 3

Hello my name is Agnes Rivera and I am the Co-Chair of the Board of CVH (Community Voices Heard) and CVH is a group of low income New Yorkers working to improve the lives of our families and our community. I would like o speak today on Section 3. Section 3 of the 1968 Housing Act, states that all public housing authorities receiving HUD funds have an obligation to see that money is used for employment, and training opportunities for residents.

NYCHA has improved with making sure Section 3 is followed, but there is still more that can be done. If we just look at my building not even all of NYCHA the unemployment rate is huge. On my floor I have 5 families 2 are unemployed and that's just my floor, lets just image what that looks like if we go building wide. All of these residents needing jobs, but yet everyday we see some new contractor doing work in the development but our residents are not part of the team. When you ask the contractor about why they have not hired any residents they provide you with a laundry list of excuses, even after NYCHA tells us that they (the contractor) has to. Residents still hear excuses range from blunt disrespect like "we can hire who ever we won't, we don't have to hire you" to "no one is qualified" to " we will need to see your OSC card". When you call and complaint about this practice NOTHING is done to the contractors, and they are back the next day getting money off the back of residents they REFUSE to assist in any way.

NYCHA Resident Employment Service has also improved and, would like to continue to have them look at the core reason, they have been unable to get folks to apply for position and work on those issues. They need to let resident know about GED programs to so they can fill the high school diploma requirement and do some solid outreach to youth in public housing as well as those folks who are older but need to not return to work due to the current economic crisis. While we applaud the 1400 jobs that NYCHA has created we still hope that they expand getting jobs for residents within other areas besides construction and in NYCHA. The current memo from HUD stating the payment NYCHA has made to the NYPD is also subject to Section 3 and we hope to hear the details of how the NYPD will comply. Thank you for holding this hearing and hopefully the next hearing will be to report the success of section 3 and NYCHA.

fighting for our families, fighting for our communities, fighting for ourselves

COMMUNITY VOICES HEARD

Roxanne Reid
Castle Hill Houses
Testimony
October 27, 2011

SPEAKER BIO: Roxanne is the former TA President for Castle Hill Houses, and a member of Community Voices Heard for 3 years. She has lived in Castle Hill Houses for 35 years and has assisted over 30 resident of her development with Section 3 jobs including herself.

Some highlights of Roxanne testimony

- While Section 3 job is an excellent program, unless you as the TA President keep on the contractor to make sure residents are hired they will be passed by for hiring.
- Section 3 jobs should lead to permanent jobs possibly through an introduction to the union, they are working with. There is sometimes tension between the union workers and the resident workers because they are not in the union. If they was a way for them to be in the union, that tension will not happen, and it will lead to more permanent jobs.
- It is my understanding that when the Department of Housing and Urban Development (HUD) money is used it is subject to Section 3. I also feel that the recent notification from HUD to NYCHA telling them that the money paid to the NYPD is subject to Section 3 need to be moved forward quickly.
- The numbers used by NYCHA is still low, and they could do much more and not just use folks for construction or pest control.
- I also suggested that the Council eager NYCHA to look to the model for Section 3 being used at Tasker Houses in Philadelphia, for compliance with Section 3. The workforce center has been very successful in getting resident employed in just public housing jobs but contracts with the city.

FOR THE RECORD

NYC E&TC
New York City Employment & Training Coalition

October 28, 2011
Testimony to the
New York City Council
Committee on Public Housing
Oversight – Improvements and Remaining Challenges to NYCHA's Section 3 Resident Employment Program

Lincoln Restler, Managing Director

Good Afternoon;

The New York City Employment and Training Coalition is an organization comprised of approximately 200 workforce development providers across the City of New York. Our membership includes every leading provider of workforce development services in New York City – from union training funds to adult and continuing education programs at community colleges to neighborhood nonprofit organizations. Our mission is to provide workforce development organizations with high quality information on best practices, labor market information, emerging sectors, needs of employers, opportunities for collaboration, funding opportunities, and new policy directions. Essentially, we are the voice of the workforce development community in New York City.

I would like to thank Chairwoman Mendez for organizing this hearing and for her diligent, smart, and consistent advocacy on behalf of public housing residents in New York City. I would also like to recognize Congresswoman Nydia Velazquez for recently introducing federal legislation that mandates HUD to ensure the effective implementation of Section 3.

We are all too well-aware of the national job crisis on our hands. The citywide unemployment rate mirrors the national figures of 9%, but in select boroughs like Brooklyn and the Bronx we have double digit unemployment. Young adult unemployment, hovering around 20%, is essentially a record high. In many of our neighborhoods, we have a full-blown catastrophe with unemployment between 25% and 30% - which fails to capture folks who have been unemployed so long they are no longer actively looking for work. There is a clear and unmistakable correlation between areas with extraordinary rates of unemployment and large concentrations of public housing. Indeed, data from NYCHA indicates tha 80,000 working age residents reported no earned income last year.

Accordingly, the core objectives of HUD Section 3 are right and necessary. When the Federal Government is investing in a given community in our City, resources should be devoted to connecting residents with low-incomes to the appropriate trainings that provide access to employment opportunities. Section 3 allows NYCHA and potentially other local agencies to leverage federal funding beyond its main allocation for capital projects and operation to invest in our workforce.

The New York City Employment and Training Coalition strongly supports maximizing every opportunity generated by Section 3 to connect more residents to training and jobs. The unfortunate reality is that Section 3, as currently structured, HUD offers such limited subsidies that this regulation alone will not allow us to realize our shared objective of seeing more NYCHA residents in quality employment.

Chairman John Rhea and NYCHA's Office of Resident Economic Empowerment and Sustainability deserve recognition for committing to significantly improve NYCHA outcomes on Section 3. As policymakers, providers, or advocates, we cannot expect a new team to take the helm and go from zero to perfect overnight, but we must demand significant, measurable improvement and this is exactly what Chairman Rhea and the Office of Resident Economic Empowerment and Sustainability have delivered over the past two years.

I would specifically like to highlight the Resident Training Academy that has been generously supported by the Robin Hood Foundation. This public-private partnership entails some of the premier employment training providers in New York City training NYCHA residents for available jobs at NYCHA, with NYCHA vendors, and in the private sector.

The Resident Training Academy offers a variety of employment-linked training programs to assist NYCHA residents in building technical and professional skills to best position them for future careers in the areas of janitorial services, construction, and pest technician.

The training providers involved in the Resident Training Academy include Brooklyn Workforce Innovations, Nontraditional Employment for Women, the Center for Family Life in Sunset Park, New York City College of Technology, and St. Nick's Alliance.

Last year, in the first year of operation, 138 people completed the training academies, 91% of whom were placed in jobs with median wages above $17.00 per hour. This year, 460 people will be enrolled in the training academies.

Additionally, NYCHA is smartly developing a new approach to forming strategic partnerships and establishing localized, place-based zones or service networks with community organizations and other workforce agencies. Instead of the Resident Employment Services model – that was not adequate – this is a smart, new model that cultivates the expertise and strengths of various stakeholders – such as the membership of the New York City Employment and Training Coalition – to deliver services for NYCHA residents.

I encourage the Council, the Administration, and the private sector to consider further supporting the impressive innovations coming out of NYCHA's Office of Resident Economic Empowerment and Sustainability so that we can connect more NYCHA residents to education, training, and, most of all, employment.

The New York City Employment and Training Coalition is excited about the prospects of partnering with NYCHA in the months and years ahead in our efforts to better serve more public residents.

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THE HOUSING ROLE IN WORKFORCE DEVELOPMENT:
Challenge to the New York City Housing Authority

Victor Bach and Tom Waters, CSS
October, 2011

READER'S SUMMARY:

In the midst of a jobless economic recovery with sustained, high rates of unemployment, the New York City Housing Authority (NYCHA) faces an unprecedented challenge. Under Section 3 of the 1968 Housing Act it must use its HUD funding to maximize job and training opportunities for low-income New Yorkers and develop the capacity of its resident workforce. Despite the challenge of an unfavorable labor market at present, there are opportunities.

Rapid Increase in NYCHA Resident Unemployment

Unemployment among NYCHA's public housing and Section 8 voucher residents has escalated since late 2008, when the economic recession struck the city.

As of 2008: NYCHA's resident labor force included over 204,000 working-age individuals who either held or were seeking jobs, about 137,000 public housing residents and 67,000 voucher residents. Their combined unemployment rate was an estimated 10 percent, the lowest since the city's post-9/11 economic downturn.

As of 2010 (Estimated): This analysis estimates that, as of 2010, the combined unemployment rate for public housing and voucher residents had reached about 27 percent, nearly triple the 10 percent rate in 2008, two years earlier. An estimated 50,000 to 58,000 residents were unemployed and seeking work, from 30,000 to 34,000 public housing residents (compared to 13,000 in 2008), and 20,000 to 24,000 voucher residents (compared to 8,000 in 2008).

NYCHA Has a Role to Play in Workforce Development:

NYCHA's Reach: In any recent year, over half (56%) of New York's poor households, and 4 out of 10 (41%) of its low-income households (within twice the federal poverty level), pass through its virtual doors, either as public housing or Section 8 voucher residents, or as candidates on its waiting lists. It is a central institution in the lives of low-income New Yorkers.

Section 3: Under Section 3, NYCHA must use the billions of HUD dollars it receives annually for capital improvements and management/administrative services to maximize economic opportunities for low-income New Yorkers, particularly public housing and voucher residents.

The Resident Labor Force: Lesson from the 2002 to 2008 Experience

As the city emerged from the post 9/11 economic downturn and moved into an accelerating economic growth cycle through 2008, the NYCHA resident labor force expanded and resident unemployment decreased significantly. The analysis concludes that those most likely to be left behind during this growth cycle were younger residents, particularly those under 25, most frequently black and Latino men rather than women, and particularly those who had not obtained a high school diploma. These residents were most likely to experience the greatest ("structural") obstacles to employment, even in a favorable labor market, and should be targeted for special NYCHA workforce development programs, such as GED preparation.

Recommendations:
Emerging Opportunities for NYCHA in Workforce Development

NYPD Compliance with Section 3: HUD recently ruled that the Police Department must comply with Section 3, in return for the $73 million it receives annually for special police services in public housing. The NYPD compliance agreement should also includes restitution for lost opportunities since 1994, in the form of appropriate NYPD pre-apprenticeship and apprenticeship programs, possibly a community policing approach that will decrease wrongful arrests of residents for criminal trespass.

Link Residents to Local Workforce Development Resources: NYCHA participates in the New York City Workforce Investment Board (WIB), which oversees local workforce development programs, now undergoing reform. The Authority should use its leverage to strengthen resident access to local resources for job training and placement.

Strengthen the Existing NYCHA Section 3 Program
More should be done to monitor NYCHA's many contractors providing construction or other services to assure compliance, make residents aware of opportunities, and promote long-term rather than temporary jobs. The number of Section 3 job/training openings should be an active criterion in deciding awards to contractors.

Launch a NYCHA GED Initiative
With current high unemployment among residents, this is an ideal time to create a GED initiative to strengthen resident qualifications, particularly younger residents looking for work, for future work opportunities. Public-private funding sources should be solicited, possibly along with the mayor's Young Men's Initiative. GED preparation programs should be sited at NYCHA's many community and senior center facilities. In its enforcement of the community service requirement, NYCHA should proactively urge residents, particularly younger residents short of a high school diploma, to further their education.

Include Section 8 Voucher Residents in NYCHA Workforce Initiatives
At present, NYCHA's Section 3 and workforce development efforts focus largely on its public housing communities, where capital improvement projects are readily visible to residents.

Voucher residents are more dispersed, less in contact with their peers, and as a result less vocal and organized. NYCHA should do a better job of outreach and communication with its Section 8 resident constituency, particularly about job and training opportunities, and promote their organization, possibly through a separate Resident Advisory Board (RAB).

<u>Coordinate Section 3 Efforts with City Agencies Receiving HUD Funds</u>
NYPD is not the only city agency receiving HUD funds that is required to comply with Section 3. The NYC Department of Housing Preservation and Development (HPD) receives annual HUD funds through the Community Development and HOME block grant programs, about $300 million in 2010. In addition, NYCHA \has made payments to the Sanitation Department since 2002, for special pick-ups, at an average $1 million annually. Consideration should be given to consolidating Section 3 and other workforce development efforts among NYCHA and other recipient agencies, in order to consolidate administration and widen the range of opportunities available to low-income New Yorkers.

HOW NYCHA CAN CONNECT RESIDENTS TO OPPORTUNITY EVEN IN HARD TIMES.

POLICY BRIEF

THE HOUSING ROLE IN WORKFORCE DEVELOPMENT

Challenge to the New York City Housing Authority

October 2011

Community Service Society | Fighting Poverty Strengthening New York

POLICY BRIEF

THE HOUSING ROLE IN WORKFORCE DEVELOPMENT: Challenge to the New York City Housing Authority

By Victor Bach and Tom Waters

In the midst of a jobless economic recovery with sustained, high rates of unemployment, the New York City Housing Authority (NYCHA) faces an unprecedented challenge.

Section 3 of the 1968 Housing and Community Development Act requires public housing authorities and other agencies receiving federal housing funds to use these resources to maximize job and training opportunities for low-income residents, particularly those benefiting from federal housing assistance.[1] In effect, the statute obligates an authority to go beyond its core housing mission and play a role in the development of its resident labor force—working-age residents who participate in the labor market either by holding a job or actively seeking work.[2]

NYCHA owns and manages 180,000 public housing units in 340 developments; it also provides Section 8 Housing Choice Vouchers that assist 97,000 households living in private rentals across the city. In early 2008, before the economic recession struck the city, its resident labor force included an estimated 137,000 public housing residents and 67,000 voucher residents, a total of 204,000 individuals engaged in the labor market. Their unemployment rate that year was an estimated 10 percent, the lowest since the city's post-9/11 economic downturn.[3]

Internal NYCHA estimates of current resident unemployment run high but are not officially verifiable.[4] Anecdotal reports of rising rent arrears in public housing point to the growing income stresses and hardships under which assisted households are living, even at affordable rents.[5] This analysis estimates that, as of 2010, the combined unemployment rate for public housing and voucher residents had reached about 27 percent, nearly triple the 10 percent rate in 2008, two years earlier. An estimated 30,000 to 34,000 public housing residents were unemployed, compared to 13,000 in

The Community Service Society of New York (CSS) is an informed, independent, and unwavering voice for positive action representing low-income New Yorkers. CSS addresses the root causes of economic disparity through research, advocacy, and innovative program models that strengthen and benefit all New Yorkers.

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2008; between 20,000 and 24,000 voucher residents were unemployed, compared to 8,000 in 2008.[6]

The rapid escalation in job losses and concomitant declines in resident income have occurred since late 2008 when the economic recession struck the city.[7] The challenge for NYCHA, which normally operates with inadequate federal funding, and is now threatened with further Washington budget cuts, is to find ways to leverage its limited resources to sustain its resident labor force in an extremely unfavorable employment climate.

Even in a difficult economic environment, there are emerging opportunities that make it possible for the Authority to respond to a resident workforce struggling with high unemployment:

- A recent determination by the federal Department of Housing and Urban Development (HUD) requires the New York City Police Department (NYPD) to comply with Section 3, in return for the $73 million it receives annually from NYCHA for "special police services" under a non-expiring 1995 Memorandum of Understanding with the city.[8] If, as part of a compliance agreement, the NYPD provides restitution for lost opportunities over the 16 years it overlooked the law, the stakes are even more considerable.[9]

- New York City's broader workforce development arena is undergoing major reform following a recent mayoral report that found the city's multiple programs uncoordinated.[10] Task force efforts are underway to streamline the overall system and better serve young adults and other high-need populations. NYCHA occupies a seat on the city's public-private Workforce Investment Board (WIB), which oversees these programs. Its participation in task force deliberations provides an opportunity for the Authority to strengthen the linkages between its resident constituency and the local network of workforce development programs, so as to promote fuller utilization of these resources by residents.

- Mayor Bloomberg's recently announced Young Men's Initiative, a mobilization of public and private resources to address the obstacles young black and Latino men face in attempting to enter the city's economic mainstream, is another cause for optimism in the midst of a dismal economic climate. Nine out of ten NYCHA-assisted households are black or Latino. Men of color constitute a third of NYCHA's resident labor force, and, as this report confirms, they are most at risk of structural unemployment, even during a growth cycle in the local economy.

Even in a difficult economic environment, there are emerging opportunities that make it possible for NYCHA to respond to a resident workforce struggling with high unemployment.

The Authority's core mission is, of course, housing, to channel the billions of dollars it receives annually in HUD funds to provide affordable housing for low-income New Yorkers. Yet, as a housing provider and the city's largest landlord, NYCHA is inevitably impacted by economic setbacks among its residents. Lower out-of-pocket rents paid by tenants as household incomes decline mean a loss in rental revenues.[11] Rising rent arrears, attendant legal costs, and the negative images of termination hearings and pending evictions are causes for concern. Apart from any statutory or moral obligation, the Authority has every incentive to promote the economic advancement of its residents.

NYCHA has several strategic roles it can play. It can strengthen its Section 3 initiatives, for which NYPD compliance is a major, new opportunity. It can use its institutional leverage within the city's workforce development system to expand resident's access and increase their use of available resources. In addition, NYCHA has a wealth of facilities, including 135 community centers and 122 senior centers located in public housing developments, some of them underutilized or closed, that are available to house training and workforce development programs.[12] Finally, NYCHA can exercise initiative and cull support for strategic new programs to strengthen resident qualifications and expand employment

The challenge for NYCHA, operating with inadequate federal funding, and now threatened with further Washington budget cuts, is to find ways to leverage limited resources to sustain its resident labor force in an unfavorable employment climate.

opportunities. The experimental Jobs Plus demonstration programs, in East Harlem and the South Bronx, in collaboration with the Mayor's Commission on Economic Opportunity (CEO), Human Resources Administration (HRA), and CUNY are good examples. A Resident Training Academy has been set up in the Red Hook neighborhood, in partnership with the Robin Hood Foundation. NYCHA's ambitious Green Agenda includes an initiative to prepare young people for jobs in the green economy. A recently implemented "zone model" approach is being explored in several public housing neighborhoods to link residents with appropriate resources in the community.[13]

The current employment crisis is, in a sense, an opportunity for NYCHA to play a more strategic role in the development of its resident workforce. There are already signs it has begun to do so. NYCHA faces a daunting challenge at this time, one that may also be a singular opportunity for the Authority to address long-standing obstacles many of its residents face in the labor market. This report attempts to frame the dimensions of the challenge and point to promising directions for the near future.

NYCHA In Brief

For nearly eight decades, NYCHA has been recognized as a well-performing public housing authority in an industry littered with many large-city casualties—Chicago, St. Louis, Newark, and Atlanta among the more notable. Unlike them, New York is considered an exception, an outlier, for several reasons.

The first is sheer scale. NYCHA's 340 public housing developments comprise the nation's largest public housing program, a virtual subcity with a population of over 500,000 residents, roughly one out of every 16 New Yorkers. It also administers the nation's largest Section 8 Housing Choice Voucher Program, another 290,000 residents. In total, NYCHA's resident population represents one out of every ten New Yorkers.

Given its size, the Authority could be expected to be vulnerable to the problems that have beset the national program—high poverty concentrations, segregation, fiscal insolvency, poor or callous management, serious physical distress, high turnover, and vacancies. That it has not succumbed and is still highly regarded is a signal accomplishment.

NYCHA has managed to avoid the extreme concentrations of poverty found in public housing in other large cities. In 2008, its median household income was $20,700, well above any other large housing authority. This does not mean that NYCHA accommodates a smaller proportion of the poor. According to HUD statistics, about 41 percent of its public housing families have incomes within the federal poverty level, a rate comparable to other large-city authorities.[14] It means that NYCHA's income spread includes a wider, more diverse band of resident economic circumstances, with a relatively high proportion of working families. That the Authority, over time, has housed a diverse income mix of tenants in public housing is no accident. Its admission policies, now dominated by a "working family preference," promote diversity. Tenant retention policies, such as "ceiling rents," were designed to encourage families to remain in the community as their economic circumstances improved.[15]

Compared to other large-city housing authorities, NYCHA's vacancy rate is low.[16] The low turnover rate and the size of its waiting list—about 130,000 families every year—attest to the continued high demand for public housing apartments, in part due to the chronic, severe shortage of low-rent housing in the city's tight, high-cost rental market.

NYCHA is not without its critics. Residents justly complain about building management and administration, about accelerating physical deterioration and year-long waits for needed repairs, about NYCHA's authoritarian, paternalistic bureaucracy. Advocates continually press for more transparency and accountability from the mammoth institution. The public hearing held each year on the NYCHA Draft Annual Plan, as required by federal law, is a singular event that brings together a wide range of vocal NYCHA detractors.

Yet the Authority's relative success is no assurance of its continuity. Like other housing authorities, it is in a struggle to survive, contending with the vicissitudes of Washington housing priorities and budgets, and the chronic underfunding of public housing for the past three decades. Although billions of HUD dollars flow through NYCHA annually, making it a major institutional contractor and a local engine of economic activity, the federal allocations are inadequate, particularly with respect to the Authority's needs for long-term capital improvement. Until very recently, NYCHA ran a large annual operating deficit, as high as $170 million, largely due to broken state and city promises to support operations for 21,000 units they originally financed that were ineligible for federal funding.[17]

Chronic starvation levels of federal funding for public housing capital improvements (in an aging infrastructure) have resulted in a national backlog estimated by HUD at $26 billion across the program.[18] NYCHA estimates its backlog in capital improvements at $7 billion, which helps account for the accelerating physical deterioration of its infrastructure and mounting tenant demands for repairs.

Some critics would nominate NYCHA as one of the city's "worst landlords" because of deteriorating conditions and delayed repairs. That NYCHA maintains its credibility with residents, and continues to be recognized as an exemplary housing provider, is the result of a delicate institutional balancing act. In the face of chronic federal underfunding and rising resident dissatisfactions about conditions, the Authority manages to maintain an image of itself as a persevering institution that "tries hard" and plans to survive for at least another 75 years.

The NYCHA Resident Constituency

NYCHA housing assistance, through its public housing and Section 8 voucher programs, accounts for roughly one out of ten New York households. But the extent of the Authority's reach into the lives of low-income New Yorkers is far greater.[19]

In any recent year, more than half (56%) of the city's 575,000 poor households passed through NYCHA's virtual doors, either as public housing residents, as voucher holders, or as candidates on one of its waiting lists.

The NYCHA resident constituency can be divided into three subgroups:[20]

- those living in public housing (173,000 households);[21]
- those with Section 8 vouchers who live in private rental units in the city (97,100 households);[22]
- waiting-list households on either of its two lists—one for public housing admission (134,000 households), the other for vouchers (124,000 households).[23]

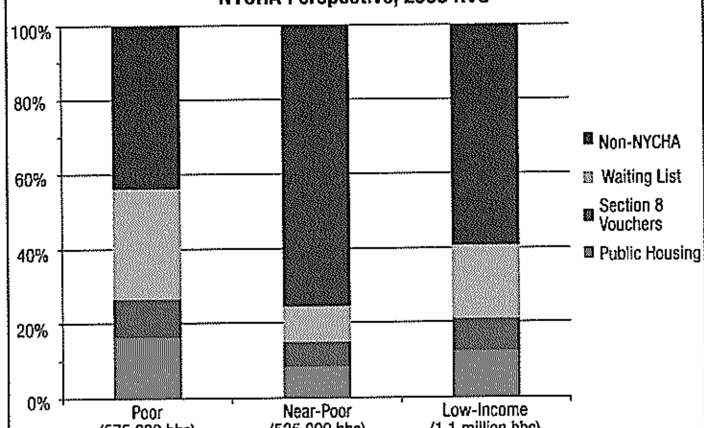
As a whole, the NYCHA resident constituency consists predominantly of low-income households, with incomes within twice the federal poverty level. In 2008 most households in public housing (73%) were low-income and nearly half (45%) were poor.[24] Section 8 voucher holders had somewhat lower incomes: over four-fifths (82%) were low-income, and half (49%) were poor. When the two programs are combined, NYCHA residents constitute a significant portion of the city's poor and near-poor households, about one out of every four poor New York households and one out every five low-income households. (See Chart 1.)

The waiting lists for public housing and Section 8 vouchers, 134,000 and 124,000 families, respectively, in late 2010, are predominantly "extremely low-income" households (73% and 77% , respectively),[25] who fall roughly within the federal poverty levels. Nearly all fall into the low-income range. As a rule, those who wait are poorer and needier than those already assisted.

When the three subgroups are combined, it is striking that the Authority's reach extends to a large portion of low-income New Yorkers. In any recent year, more than half (56%) of the city's 575,000 poor households passed through NYCHA's virtual doors, either as public housing residents, as voucher holders, or as candidates on one of its waiting lists. And four out of ten (41%) of the city's 1.1 million low-income households—the poor and the near-poor—have a similar link with the Authority.

The figures underline the position NYCHA occupies as a "central" institution in the lives of low-income New Yorkers. Moreover, the Authority has unique institutional access to

Chart 1
Low-Income New York Households, NYCHA Perspective, 2008 HVS



them: it knows how to contact them, much about where and how they are housed, and can track their changing income and employment status through annual re-certifications of already assisted households and periodic updates of the waiting lists. Because of the federal community service requirement imposed on public housing residents, it has reason to know which working-age adults are employed, or in school or training, or jobless.[26] The potential for the Authority to communicate with its large number of low-income "subscribers"—about education and training opportunities, about employment-related resources—is enormous.

While it can be argued that NYCHA is, after all, only a housing authority, not a broad-purpose local government or a workforce development agency, the Section 3 mandate charges public housing authorities with something more than housing provision, and inevitably links them to the workforce development arena, particularly in the midst of a period of severe unemployment. NYCHA represents a major nexus, a unique crossroads for the city's most economically vulnerable populations. Perhaps no single local agency or institution, short of the transit and hospital systems, encounters that large a portion of the city's low-income, low-wage households.

Yet NYCHA's character and potential as a "social agency" goes largely unrecognized, overshadowed by its specialized housing mission. The Authority has not been a principal player in local/state workforce development policies, or in government policy decisions to address the broader non-housing needs and wants of the city's 1.1 million low-income households. Whether and how it might play a larger role is an open question.

The Resident Labor Force: The 2002 to 2008 Experience

The period between 2002 and 2008 offers a virtual "laboratory" in which we can track what happened to the NYCHA resident labor force in the six years during which the city emerged from the post-9/11 downturn in 2002 and moved into an accelerated economic growth cycle through the "good times" of 2008 before the recession struck. It is also possible to identify those resident groups who made employment gains during the growth cycle, and those who were most likely to be unemployed, left behind even as opportunities expanded. The distinction is similar, though not identical, to the difference between the "cyclically" unemployed, whose job status is largely influenced by cycles in the local economy, and the "structurally" unemployed, who face obstacles even in a favorable labor market. Residents who fall into the latter group pose the greater challenge to NYCHA's Section 3 and related workforce development efforts. They are where strategic investments most need to be considered.[27]

To track resident labor force participation and unemployment trends, we use the New York City Housing and Vacancy Survey (HVS), which is conducted triennially by the U.S. Census Bureau. Although designed primarily to track rental vacancy rates, housing occupancy characteristics, and conditions, the HVS includes a battery of questions relevant to labor market analysis. The advantage of the HVS is its detail with respect to various housing contexts, such as public housing and Section 8 voucher households, among others. The more authoritative Department of Labor (DOL) data on local employment and unemployment cannot be disaggregated by housing context. Unfortunately, the most recent HVS was conducted early in 2008, before the impact of the economic recession in New York was felt.[28] Data from the 2011 HVS, conducted earlier this year, will not be available for analysis for some time. (In a subsequent section, the DOL and the HVS data are used to extrapolate unemployment trends as of 2010.)

A Growing Resident Labor Force, Declining Unemployment

During the six-year economic upturn from 2002 to 2008, the NYCHA resident workforce grew from 192,000 to 204,000 residents, by about 6 percent, a rate that paralleled the DOL trends for growth in the citywide workforce.[29] (See Table 1.) In 2008, two-thirds (67%) of the resident workforce were located in public housing, and a third (33%) in voucher-assisted units, roughly in proportion to the size of the programs. Some of the workforce growth no doubt came from an increase in the number of voucher-assisted units over the period, from 79,800 to 87,400 apartments.[30] Nevertheless, the figures indicate significant increases in resident employment in both programs.

The number of working residents across the programs grew by 22 percent. Among voucher residents the 26 percent increase in the number of employed outpaced the 10 percent increase in voucher-assisted units. The total numbers of unemployed dropped substantially, to half their levels in 2002. In short, the steady growth cycle in the local economy had a marked positive impact on resident employment and participation in the job market.

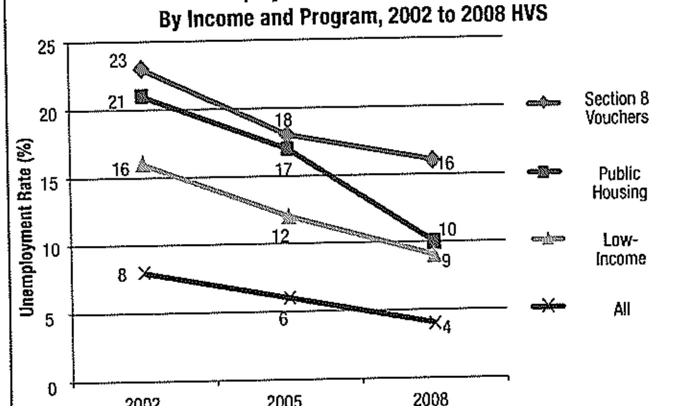
Table 1
The NYCHA Resident Labor Force, Numbers of Working and Unemployed, By Program and HVS Year

		2002	2005	2008	2002-8 Change
Labor Force	Public Housing	130,600	128,900	137,300	+5.0%
	Section 8 Vouchers	61,500	57,700	67,000	+8.9%
	TOTAL	**192,100**	**186,600**	**204,300**	**+6.4%**
Working	Public Housing	103,200	108.300	124,200	+20.3%
	Section 8 Vouchers	47,000	47,600	59,200	+26.0%
	TOTAL	**150,200**	**155,900**	**183,400**	**+22.1%**
Unemployed	Public Housing	27,400	20,600	13,100	-52.2%
	Section 8 Vouchers	14,500	10,100	7,800	-46.2%
	TOTAL	**41,900**	**30,700**	**20,900**	**-50.1%**

These shifts are also evident in HVS unemployment rates over the six-year period. Chart 2 compares citywide unemployment rates with those for NYCHA residents, and those for the city's low-income labor force as a whole. Citywide rates, which dropped from a high of 8 percent in 2002 to a low of 4 percent in 2008, were consistently lower than those for the other groups. This is not surprising since the citywide workforce includes higher income, better educated, more skilled workers, and fewer who might face discrimination in the job market. Nevertheless, the unemployment trends for all groups follow a downward slope that, more or less, parallels the citywide rates.

The city's low-income workers experienced a drop in unemployment from a rate of 16 percent to 9 percent over the six years. The unemployment picture also improved for NYCHA-assisted residents, but they fared less well than low-income New Yorkers as a whole. It is striking that by 2008 public housing residents reached virtual parity with low-income workers, indicating what expanding opportunities during an upward economic cycle can accomplish. Voucher households had consistently higher unemployment rates than their counterparts in public housing, with a widening 6-point difference between the two NYCHA resident groups. The difference suggests that employment among voucher residents is less influenced by cyclical upturns and may be more structural in nature. Several factors help account for these observed differences. (See Table 2.)

Chart 2
Unemployment Rates, Citywide and By Income and Program, 2002 to 2008 HVS



Among the variables considered, the major differentiators appear to be race/ethnicity and gender. The NYCHA resident workforce includes a larger portion of minorities—blacks and Latinos make up 88 percent of the labor force in public housing and 85 percent in voucher units, compared with 65 percent for the citywide low-income labor force. NYCHA residents also include a larger proportion of women (64%), many in single-parent households, compared to 53 percent of the low-income workforce, which is more male and white. Interestingly, the voucher resident labor force has a relatively high proportion of Latinos. It also has a significantly higher proportion of poor than public housing, consistent with voucher targeting requirements, which may help account for their differences in unemployment.[31]

Table 2
Selected Labor Force Characteristics, 2008 HVS
Low-Income vs. Public Housing, vs. Voucher Households

		Public Housing	S8 Voucher	Low Income
Race/Ethnicity	Black	47%	34%	26%
	Latino	41%	51%	39%
	White	7%	8%	19%
	Asian	5%	6%	16%
Income Level	Poor	22%	35%	33%
	Near-Poor	30%	31%	68%
	Higher	48%	34%	--
Education	Less Than High School	26%	29%	28%
	High School	33%	33%	36%
	Beyond High School	41%	48%	46%
Age	18 to 24	15%	16%	13%
	25 to 34	23%	24%	25%
	35 to 44	30%	29%	31%
	45 to 64	32%	31%	31%
Gender	Male	36%	35%	47%
	Female	64%	65%	53%
		(137,300)	(67,000)	(819,500)

The trends suggest that among the challenges that face NYCHA in extending Section 3 and workforce development opportunities to residents, the Section 8 voucher constituency represents the greater challenge. Moreover, unlike public housing residents, voucher residents may be at a disadvantage: they do not live in place-based communities where they can relate to each other, gain information, and develop common interests, around which they might organize. They are dispersed in individual private rental units and, as a result, are more difficult to reach or organize as a group than their public housing peers.

Growth Sectors for Resident Employment

The rising tide in the city economy opened up job avenues for NYCHA residents, even in the absence of major Section 3 initiatives. Which occupational sectors accounted for the job growth during the six-year period? Analysis of HVS occupational data over the six-year period indicates that several sectors tend to account consistently for nearly half of the jobs held by NYCHA residents: office/administrative support work is the dominant sector (17%), followed by sales-related jobs (10%), health care technical and support occupations (10%), and cleaning/building service occupations (10%).

During the 2002 to 2008 upturn, these sectors were also the major areas of employment growth for residents: sales-related jobs (9,800 increase), cleaning/building service occupations (9,500 increase), personal care and service workers (6,700 increase), and office and administrative support (6,400 increase). In addition, there were increases in construction trades (4,000 increase), food preparation services (3,200 increase), health care technical and support occupations (2,500 increase), and education/training/library workers (2,000 increase).

At the same time, residents absorbed some job losses in several sectors, particularly setters, operators, and tenders in manufacturing (3,000 loss), and engineering jobs (2,000 loss). But overall, the growth in employment occurred in the dominant service sectors in which residents hold jobs.

Changing Composition of the Resident Labor Force

The profile of the NYCHA resident labor force changed between 2002 and 2008, but there were also consistencies over time. Women consistently made up nearly two-thirds (64%) of the resident labor force, in proportion to their presence in the NYCHA working-age resident population, both in the public housing and the voucher programs. Moreover, the vast majority of the resident workforce (85% to 88%) were consistently black or Latino, reflecting their presence in the NYCHA population.

Within those parameters, the composition of the resident workforce underwent several notable shifts. The proportion of older participants, those over 45, grew from 25 to 32 percent of the labor force; their numbers increased from 51,400 to 64,700 workers, by about 26 percent. The rise in the number of older workers may be the effect of time passing, or it may also reflect qualifications and work experience that gave them an advantage as work opportunities expanded.

Latinos represented a growing subpopulation, rising from 40 to 44 percent of the resident workforce, an increase from 77,800 to 89,500 participants, marked by growing numbers of Latino women, from 50,300 to 59,200, an 18 percent increase. The proportion of black workers decreased from 49 to 43 percent of the resident labor force, most evident in declining numbers of black women who were active in the labor market, from 64,000 to 56,500 workers, a decrease of 12 percent. Whites and Asians maintained a consistent, if less visible, presence in the workforce over the six-year period.

Changes in the racial/ethnic composition of NYCHA-assisted households over the six years account for these trends. Latino households increased their presence in public housing, from 40 to 42 percent, and sustained the major share of an increasing number of voucher-assisted units. By 2008 Latinos rose from 29 to 40 percent of the voucher resident workforce. At the same time, the proportion of black households in public housing declined, from 49 to 47 percent.

By 2008 the resident workforce was somewhat better educated than the workforce of 2002. The proportion of participants who had not completed high school dropped from 31 to 27 percent of the labor force. At the same time, the number of workers who had gone beyond high school increased substantially from 64,200 to 81,800, an increase of 27 percent. The number who had completed college also rose rapidly from 20,200 to 29,000 residents, by about 44 percent. Nevertheless, by 2008 there was still a core of over 55,100 residents, over a quarter of the NYCHA resident workforce, who were working or looking for work without benefit of a high school diploma.

Who Was Most Likely to Be Left Behind?

This analysis attempts to determine which workers had the greatest difficulty gaining employment as opportunities expanded between 2002 and 2008. For each of several key variables—sex, age, race/ethnicity, and level of education—the analysis compares the proportion a particular resident group represents in the resident workforce with the proportion the group represents among the unemployed. Disparities between the two percentages indicate whether the group was overrepresented, underrepresented, or proportionally represented among the unemployed, and how its participation in the labor market shifted over the six years. The changing position of a given group over time indicates the extent to which it was absorbed or left behind as resident employment increased.

The results are not surprising. Those who experienced the greatest (structural) obstacles to employment during the six-year growth cycle were characteristically younger residents, particularly those under 25, most frequently black and Latino men rather than women, and particularly those who had not completed high school. In that, NYCHA residents are no different from other lower-income New Yorkers.[32]

Age and Unemployment Age mattered as a persistent indicator of how likely a resident was to be employed. Younger workers were at a disadvantage. While all age groups benefited from declining unemployment over the six-year period, younger residents, particularly youth under 25, consistently experienced the highest unemployment rates, followed by residents between the ages of 25 and 34. (See Chart 3.) In 2008, unemployment rates for those under 25 were more than double those for the other age groups.

The age gap in unemployment widened over time, in that younger workers increasingly became a larger proportion of the unemployed. Although residents under 25 consistently represented 15 to 16 percent of the workforce, their share of the unemployed resident labor pool rose from 31 percent in 2002 to 49 percent by 2008. (See Table 3.) A similar, if less dramatic pattern was evident for workers between the ages of 25 and 34. Younger workers were more likely to be left behind as older workers were able to take advantage of growing opportunities.

Chart 3
Unemployment Rates, NYCHA Residents By Age Group, 2002 to 2008 HVS

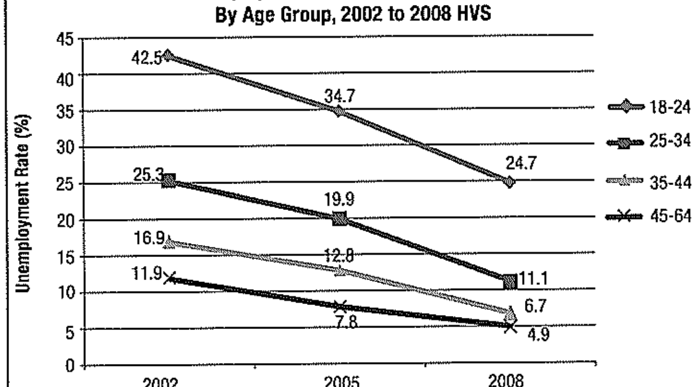


Table 3
Proportion Of Residents In Labor Force And Among The Unemployed, By Age Group, 2002 To 2008 HVS[33]

	2002 Percent of		2005 Percent of		2008 Percent of	
	Lab Force	Unemp	Lab Force	Unemp	Lab Force	Unemp
18 to 24	16	31	16	34	15	49
25 to 34	26	31	25	30	24	36
35 to 44	31	24	28	22	30	19
45 to 64	27	15	31	15	32	15
	(100%)	(100%)	(100%)	(100%)	(100%)	(100%)

* Underrepresented Among Unemployed

* Overrepresented Among Unemployed

The difference between youth and older workers is evident in the age composition of unemployed residents over the six years. (See Chart 4.) Over time, the proportion of youth under 25 rose from 31 to 49 percent of unemployed residents.

Older residents no doubt had several advantages: their relative maturity, the jobs they already held, and the work experience they could offer to new employers. The trends strongly suggest that NYCHA Section 3 and workforce development initiatives need to concentrate on opening up paths to work for younger members in the workforce who are most at risk of unemployment.

Education and Unemployment Despite some current debate over whether a college degree makes a difference in today's depressed job market, it appears that the high school diploma made a significant difference in whether a NYCHA resident was employed or unemployed. In the six years of economic growth between 2002 and 2008, residents at all education levels benefited from expanding opportunities and declining unemployment. (See Chart 5.) However, those who had not completed high school maintained consistently higher unemployment rates. By 2008, workers without a high school diploma had an unemployment rate of 18%, nearly double the rate of those who had only completed high school (10%). The further a resident had gone in education, the lower the risk of being unemployed.

Over the six years, about three out of ten residents in the workforce had not completed high school and were consistently overrepresented among the unemployed. (See Table 4.) As the labor market opened up between 2002 and 2008, they represented a growing proportion of those without jobs, increasing from 42 to 48 percent of the unemployed labor pool, while more educated residents made employment gains. Residents who had only completed high school and gone no further did far better by comparison—by 2008, their proportion in the workforce matched their presence among the unemployed. High school completion or a GED seems to make a significant difference in job prospects.

Chart 4
Number of Unemployed, Youth vs. Older Residents, By Program, 2002 to 2008 HVS

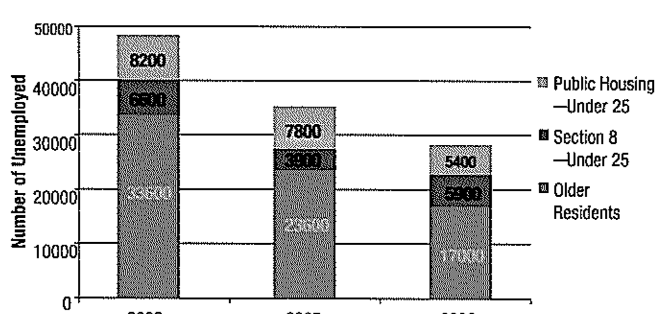


Chart 5
Unemployment Rates, NYCHA Residents By Education Level, 2002 to 2008 HVS

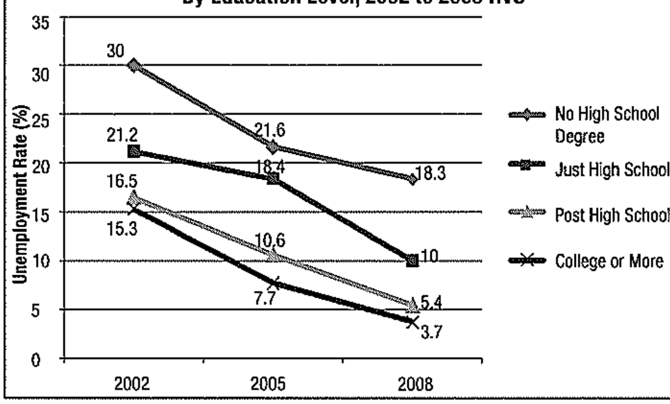


Table 4
Proportion Of Residents In Labor Force And Among The Unemployed, By Age Group, 2002 To 2008 HVS

	2002 Percent of		2005 Percent of		2008 Percent of	
	Lab Force	Unemp	Lab Force	Unemp	Lab Force	Unemp
No High School Diploma	31	42	28	37	27	48
Just High School	36	35	39	44	33	32
Post High School	23	17	22	14	26	14
College Degree or more	10	7	11	5	14	5
	(100%)	(100%)	(100%)	(100%)	(100%)	(100%)

* Underrepresented Among Unemployed   * Overrepresented Among Unemployed

Residents without diplomas became a growing proportion of the unemployed. (See Chart 6.) In 2008, about 55,000 NYCHA residents, over a quarter of the resident labor force (27%), had not completed high school, but they constituted half (48%) of unemployed residents. While most (82%) of the 55,000 residents who were short of high school completion were working, about 10,000 were unemployed and seeking work.

NYCHA Section 3 and workforce development initiatives need to concentrate on opening up paths to work for younger members in the workforce, particularly black and Latino men, who are most at risk of unemployment.

Given the current level of unemployment, these figures are large enough to suggest that there now exists a far larger pool of unemployed NYCHA residents lacking a high school diploma who should be encouraged to participate in GED preparation and adult education programs while they seek work, in order to improve their job qualifications and prospects over the long run. Under-education in the NYCHA resident workforce is of sufficient scale to merit special Authority efforts, if it can find the resources.

Gender, Race/Ethnicity, and Unemployment The rising tide of the local job economy from 2002 to 2008 benefited all groups as unemployment rates dropped consistently for men and for women, and for blacks and Latinos in general. (See Chart 7.) However, black men consistently experienced the highest unemployment rates, followed closely by Latino men. Women were far less likely to be unemployed—by 2008, their unemployment rate was between 6 and 8 percent, compared to at least 12 percent for men. Latino women, in particular, maintained the lowest unemployment rates, somewhat lower than for black women. As a combined group, whites and Asian residents experienced relatively low unemployment rates, which varied little over the six-year period.[34]

It is striking that over the six years, racial/ethnic gaps in unemployment narrowed, while the differences between men and women remained substantial, with men at nearly twice the risk of being without a job. Gender differences became more pronounced over time, with women in the labor pool increasingly able to find work while men faced greater obstacles in the job market and were more likely to be left behind.

Black men were consistently overrepresented among the unemployed and the pattern persisted over time with relatively little change. (See Table 5.) The situation of Latino men was different, in that their share of

Chart 6
Unemployed NYCHA Residents, By High School Diploma, By Program, 2002 to 2008 HVS

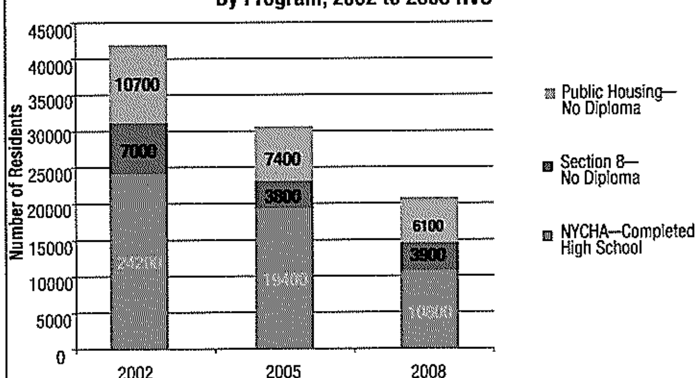
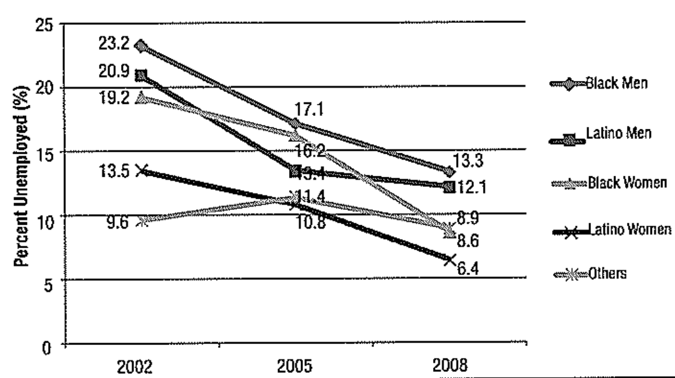


Chart 7
Unemployment Rates, NYCHA Residents By Gender & Race/Ethnicity, by HVS Year, 2002 to 2008 HVS



unemployment became disproportionately high only in 2008. In 2002, Latino men were 14 percent of the NYCHA labor force and 17 percent of the unemployed; by 2008 they were 15 percent of the labor force but 20 percent of the unemployed.

Over the six-year period, Latino women were consistently underrepresented among the unemployed, compared to their share of the resident labor force. Their growing presence in the workforce did little to increase their share of unemployment. By 2008, they represented 33 percent of the workforce, and only 19 percent of the unemployed.

There were some differences noted between the public housing and the voucher resident workforces. The lesser position of men in the labor market, particularly black men, was evident in both programs. Interestingly, women fared differently in the two programs. Black women in public housing did much better over time than their counterparts in voucher-assisted units; by 2008, they represented 30 percent of the public housing resident labor force, and only 24 percent of the unemployed. But the figures were reversed for black women in voucher households. The reasons are unclear.

Table 5
Proportion Of Residents In Labor Force And Among The Unemployed, By Gender and Race/Ethnicity, 2002 To 2008 HVS

	2002 Percent of		2005 Percent of		2008 Percent of	
	Lab Force	Unemp	Lab Force	Unemp	Lab Force	Unemp
Black Men	16	22	16	21	15	23
Black Women	33	36	31	37	28	26
Latino Men	14	17	16	16	15	20
Latino Women	26	19	28	20	33	19
Other Workers	10	5	9	6	12	13
	(100%)	(100%)	(100%)	(100%)	(100%)	(100%)

* Underrepresented Among Unemployed   * Overrepresented Among Unemployed

The Post-Recession Resident Labor Force: Estimating 2010 Unemployment

In the absence of the necessary data, there is no authoritative estimate of the extent of unemployment among NYCHA residents following the recession in late 2008. This analysis attempts an estimate for 2010, by using the citywide DOL trends to project forward from trends observed in the 2002, 2005, and 2008 HVS data for NYCHA residents.

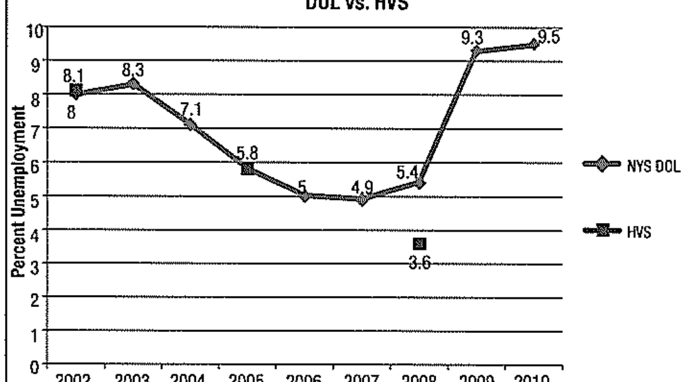
On the whole, the two labor force trends—those from DOL and those derived from the HVS—have tended to mirror each other in recent years. Estimates of the size of the citywide labor force are comparable, although the HVS estimates consistently exceed the DOL estimates, by at most 4 percent in any year. (See Table 6.) Nevertheless, both trend lines are fairly consistent. Over the six-year period between 2002 and 2008, the size of the citywide workforce grew between 5 and 6 percent, reflecting an expanding local employment economy following the 9/11 recession, with most of the growth occurring in the last three years of the upward cycle.

Citywide unemployment rates were virtually identical for both sources in 2002 and 2005. (See Chart 8.) In 2008,

Table 6
Size Of The Citywide Labor Force, DOL And HVS, 2002 To 2008

Source	2002	2005	2008	% Increase
DOL	3,729,500	3,756,800	3,932,000	5.4%
HVS	3,855,100	3,842,400	4,089,500	6.1%

Chart 8
Annual Unemployment Rate, NYC, 2002 to 2010
DOL vs. HVS



however, the estimates diverged, with a 3.6 percent citywide unemployment rate registered in the HVS against a 5.4 percent rate estimated by DOL. The potential bias in the 2008 HVS data, toward more positive findings, a larger workforce and lower unemployment rates, may in part be due to timing differences. The DOL figures represent an annual average, while the HVS was conducted in early 2008 before the full weight of the national recession struck the city.[35]

With estimates of 50,500 to 57,900 public housing and voucher residents unemployed, and an unemployment rate at 25 percent or more, it is imperative that the Authority do what it can to mediate the effects of the continuing unemployment crisis.

The trends reflect the city's emergence between 2002 and 2008 from the post-9/11 economic downturn as it moved into an accelerated recovery cycle. According to DOL, the numbers of employed New Yorkers rose by 8 percent from 3.4 to 3.7 million workers, largely between 2005 and 2008. The HVS figures mirror a similar upward employment cycle, with a larger 12 percent increase from 3.5 to 4 million workers over the period.

The chart indicates the spike in citywide unemployment that occurred in 2009 once the recession fully struck the city and continued through 2010, and no doubt to the present. The impact of the recession on city employment is eminently clear. The question is how economic trends since the recession began impacted the NYCHA resident labor force.

Data for the successive HVS years from 2002 through 2008 point to a fairly consistent relationship between resident unemployment and the citywide unemployment rates. (See Chart 2.) If the relationship is maintained, it is possible to extrapolate estimated resident unemployment rates for 2010 from the average DOL figure for the year. For that purpose, it is assumed that the ratio of the two rates—the NYCHA unemployment rate to the citywide rate—averaged across the three HVS years (spanning from high to low unemployment) will apply in 2010 to the DOL 9.5 percent unemployment rate. Because of differences in unemployment trends for the public housing and the Section 8 resident workforces suggest, the ratio is calculated and applied separately for each group. The method is described in Appendix B.

Assumptions also had to be made about the likely size of the public housing and voucher workforces for year 2010, particularly in light of an increase in voucher-assisted units from 87,400 to 97,100 between 2008 and 2010. The method used to estimate the size of the 2010 resident labor force is described in Appendix C. The results are displayed in Table 7.

As might be expected, the projected effect of the recession was a rapid rise in resident unemployment rates following its onset in 2008. In public housing, unemployment more than doubled, rising from 10 percent in 2008 to between 23 and 26 percent by 2010. The number of unemployed rose from 14,200 to over 30,000 public housing residents. For voucher residents, unemployment escalated from 16 percent to between 28 and 33 percent between 2008 and 2010, an increase from 7,800 to more than 20,000 unemployed workers, with some of the increase attributable to the increasing number of vouchers in use. In total, the size of the unemployed NYCHA resident population nearly tripled, from 20,900 unemployed in 2008 to between 50,000 and

Table 7
2010 Estimates For NYCHA Resident Labor Force

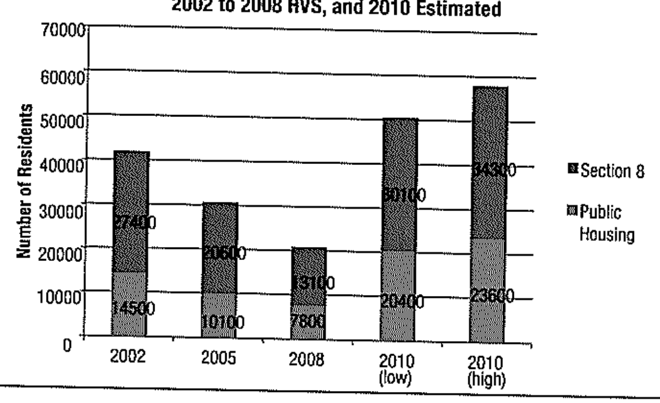
	Labor Force Size	Estimated Unemployment: Low		Estimated Unemployment: High	
		Rate	Number	Rate	Number
Public Housing	132,300	23.1%	(30,100)	25.9%	(34,300)
Section 8 Vouchers	71,400	28.3%	(20,400)	33.0%	(23,600)
TOTAL	204,200		(50,500)		(57,900)

60,000 by 2010. The aggregated estimates are displayed in Chart 9, showing actual declines in the numbers of unemployed during the relatively good years between 2002 and 2008, and the sudden escalation between 2008 and 2010.

The estimates underline the daunting challenge the Authority now faces. The question is how much impact NYCHA can have in the midst of the present crisis, one which is likely to persist for some time as the job shortage continues. An expanded Section 3 agenda can accomplish only so much.

A resurgent economy does have an impact on the NYCHA resident labor force, as the growth from 2002 to 2008 makes clear. In the meantime, NYCHA is compelled to act on all fronts to promote workforce development options for its residents. What it can or should do are the strategic questions.

Chart 9
Number of Unemployed Residents, by Program, 2002 to 2008 HVS, and 2010 Estimated



Conclusions and Recommendations

In summary, age, education, gender, and race/ethnicity all had some influence on the pattern of employment and unemployment among NYCHA residents during the 2002–2008 period of local economic growth. Younger residents, particularly black and Latino men, and those who had not completed high school were the most likely to be unemployed, most likely to be left behind even as employment expanded in an increasingly favorable labor market.

The analysis reinforces ideas that have gained increasing policy currency over the past decade—most recently captured in the Mayor's Young Men's Initiative—that this group represents a primary challenge to workforce development and absorption into the city's mainstream economy. That they are also the major challenge to NYCHA's Section 3 and workforce development efforts should come as no surprise.

At the same time, the findings should not suggest that women, or residents at any age or education level are insulated from the current job recession. They too are extremely vulnerable at present to employment hardships and cyclical job shrinkage, and will need attention in the current reform of local workforce development resources and services. The findings simply indicate that the obstacles many black and Latino men face in the job market are more likely to be structural in nature and impede their economic advancement over the longer term, even during a recovery cycle, when and if it comes, that brings with it expanding job opportunities.

Opening up opportunities, through an intensified NYCHA Section 3 program or an expanding local economy, will have a lesser net effect on them. Their employment issues represent a more persistent, longer-term challenge to the Authority, independent of how our local economy fares, one that might call for specially designed, targeted approaches and strategies.

NYCHA has an important institutional role to play in promoting economic sufficiency and advancement among its residents. Apart from what can be accomplished under the Section 3 mandate, its role on the city's Workforce Investment Board and its reach to a large constituency of low-income New Yorkers place it in position to link job-seeking residents with local workforce development resources. With a projected resident unemployment rate now hovering at 25 percent or more, and from 50,500 to 57,900 residents unemployed, nearly triple the number in 2008, it is imperative that the Authority do what it can to mediate the effects of the continuing job recession and put the resident labor force in position to take advantage of emerging opportunities.[36]

Linking NYCHA Residents to Local Workforce Development Resources

As a member on the city's Workforce Investment Board and an active participant in mayoral task force efforts to reform and coordinate the city's workforce development programs, NYCHA has some leverage in expanding the utilization of these resources by residents. In 2010, the Authority itself served 2,770 "workforce customers," defined as residents who attended a NYCHA information session and met with a career specialist for an assessment.[37] While NYCHA residents constituted 5 percent of the city's workforce and 14 percent of its unemployed in 2010, residents represented only one percent of the city's total workforce customer population (489,000) that year. Many NYCHA residents may have been serviced by other workforce development agencies, but the figures suggest that NYCHA could play a more central role, at the least in making public housing and Section 8 residents aware of Section 3 training and job openings and, as important, providing referrals to the city's workforce development resources. This view was reinforced at a recent Resident Advisory Board meeting:

> *"....the Office of Resident Economic Empowerment and Sustainability (REES) needed to collaborate more with management and resident leaders to bring awareness of their activities pertaining to available jobs and training opportunities. For instance, memos and flyers of job openings and training should be posted online, mailed to residents, and posted at the developments."*[38]

While, obviously, the Authority is not a job placement agency, it could be more effective at linking residents to available resources and developing that image, in addition to its dominant image as housing provider. NYCHA appears to be moving in that direction. The expansion of the Jobs Plus program to seven public housing developments, as part of the Young Men's Initiative, will extend the reach of a proven national program model that for the last two years was offered at only two sites as demonstration programs. In addition, the Authority is embarking on a "zone model" approach in several public housing neighborhoods, bringing on staff to develop stronger linkages between residents and resource agencies and service providers in the surrounding community.[39]

Strengthening the Existing Section 3 Program

It is unclear how far even maximal NYCHA Section 3 efforts can reach in addressing the high level of resident unemployment at present in a difficult, uncertain job market. The Authority's capacity to make use of Section 3 job/training opportunities is limited by emerging opportunities in NYCHA administration and management, and by the number of new hires and trainees who can be brought on by firms with which NYCHA contracts for services and capital improvement projects. The standard for Section 3 compliance by a recipient of HUD funds is 30 percent of new hires (in staff hours). In its contract awards for 2010 (with the exception of the NYPD allocation) NYCHA exceeded that standard. Section 3 efforts netted 1,460 new hires (61% of new-hire hours) and 2,928 trainees, a substantial improvement over previous years, even if it is dwarfed by the full scale of resident unemployment.[40]

The potential of Section 3 remains to be seen. Resident leaders argue that the Authority can do more to monitor its many contractors for compliance. Others argue that too few residents are made aware of Section 3 job and training opportunities, using as example the infusion of $423 million in capital funds under the American Recovery and Reinvestment Act economic stimulus package for NYCHA capital improvements.[41] Another limitation is that contractors open up Section 3 jobs that turn out to be temporary, some of them part-time jobs that end with the contract, without paths to longer-term employment and potential careers. Collaborations with the trade unions in the provision of pre-apprenticeship programs and the development of a career pipeline for apprentices have had some success, but are currently limited by a poor economy and cutbacks in federal capital subsidies that promise few new-hire opportunities in construction work. Some resident leaders would like to see NYCHA create a pool of qualified workers from former Section 3 resident hires, who would be available for work on future contracts.[42] At the least, NYCHA should go beyond HUD Section 3 reporting requirements and track the efficacy of it training programs, the quality and duration of Section 3 jobs, and their influence on long-term employment and career development.

Section 3 and the New York Police Department (NYPD)

In a July, 2011 letter to the NYCHA chair, HUD conveyed its determination that "NYPD meets the definition of 'recipient' of Section 3 covered financial assistance and NYCHA must ensure that NYPD becomes or remains in compliance with Section 3."[43] The Authority now pays $73 million annually out of its HUD operating subsidies for "special police services."[44] As of this writing, it is unclear whether and how the city and NYCHA will respond. If they choose to comply with, rather than contest, the HUD determination, a forthcoming NYPD initiative could represent a significant expansion to the Authority's Section 3 agenda.

In 2010, the NYPD swore in a new class of 1,249 police recruits to begin six-month formal training at the Police Academy. Some (only 99) had prepared by serving in the Police Cadet Corps, a paid apprenticeship that also offers tuition assistance ($10,000 annually), vacation and sick leave, and promotion to the officer ranks. Other recruits (only 79) had military experience that qualified them. Over a quarter (26%) held bachelor degrees although entry qualifications call for 60 credits, roughly two years of college. Nearly all were men (84%), over half were white (55%), a quarter (26%) were Latino, and an eighth (12%) were black.[45]

NYCHA payments accounted for only a small portion (1.6%) of the NYPD $4.5 billion budget, which supports a "headcount" of 33,217 uniformed and 13,771 civilian staff. The Housing Bureau—the police arm serving certain geographical clusters of public housing—seems marginal by comparison, with a headcount of 1,844 uniformed and 179 civilian personnel. It should be noted that police services in public housing are provided not only by the Bureau, but also the established precincts that span the city. Nevertheless, the NYCHA payments accounted for close to half of the Housing Bureau's $158 million annual budget.[46]

As of this writing, the share of police trainees and hires that the NYPD should open up to low-income New Yorkers in order to comply with Section 3 remains to be negotiated among the major parties: HUD, NYCHA, the NYPD, and possibly the Mayor's Office. However the numbers are resolved, the impact will be a significant increment to the NYCHA Section 3 effort for several reasons. Over time, the cumulative effect of annual NYPD openings in training and recruitment will have a mounting impact on the NYCHA resident labor force. In addition, unlike most Section 3 placements with other NYCHA contractors, the work does not end with the contract. The police jobs are not temporary or part-time, they represent a career path for those who pursue them, not only with the NYPD but possibly a stepping stone to other opportunities in the security and safety sector.

Another major consideration is whether the NYPD will offer restitution for lost Section 3 opportunities due to non-compliance over the 17 years since the MOU was first signed in 1994. Under a 1998 precedent set in Long Beach, California, HUD ruled that the city was required to prepare a plan to restore lost opportunities in construction, which had been financed with a HUD loan guarantee provided under the Community Development Block Grant program. The parties agreed to a restitution plan that set aside a minimum number of work-hours in city-funded construction projects, provided pre-apprenticeship training in the construction trades and placement assistance for graduates into the apprenticeship program.[47]

Any compliance agreement with the NYPD should do more than specify a certain number of annual training and hiring slots open to income-eligible residents. It needs to promote the flow of low-income residents into those openings, by creating "pipeline" programs for a much larger number, large enough to enable those slots to be filled, as was done in Long Beach. Several such program components need to be considered:

Pre-Apprenticeship Training: Program for Section 3 applicants that would include GED preparation, police orientation and training, physical training, preparation for the entry examination.[48]

Community Police Cadet Program: Those who successfully complete the pre-apprenticeship should be eligible for the existing Police Cadet program, which offers paid part-time police assignments, tuition assistance to obtain 60 college credits required for entry into the uniformed service, training and mentoring for the police entry examinations. A special "community policing" component should be considered, which assigns cadets coming through the Section 3 pipeline, many of them public housing residents themselves, to the Housing Bureau to patrol public housing developments.

One of the benefits of a community policing program would be to reduce the large number of stop-and-frisk actions in public housing developments that often result in wrongful arrests for trespass violations.[49] These arrests have a disproportionate impact on young black and Latino male residents. Consistent, rather than rotating police assignments to the developments, carried out by officers or cadets familiar with the community, might have a substantial impact on such arrests. Paradoxically, these arrest records are potential obstacles to subsequent employment for young men, an effect that runs counter to Section 3 objectives.

Strategic Program Development—A GED Initiative?

Given the demands on NYCHA's limited funds, now compounded by pending federal cuts, there are real constraints on what the Authority can do to develop its resident workforce and promote job and training opportunities, whether through Section 3 initiatives or otherwise. During a period of high unemployment and scarce work opportunities, it makes sense to focus on strengthening the qualifications of the resident labor force, so that they are better prepared for decent jobs and career paths when and if the economy begins to recover. This is the ideal time for the Authority to direct its attention to raising the educational qualifications of its residents and strengthening their readiness to participate in the labor market.

In 2008, nearly half of unemployed residents (48%), had not completed high school, compared to 27 percent of the entire resident workforce. For the youngest residents in the labor force, youth under 25, among those with at most a high school education, the diploma often spelled the difference between having a job or being unemployed. About half of NYCHA's 18-24 year-olds were in school or training and not looking for work, but for those participating in the workforce who were short of high school completion, unemployment was extraordinarily high, given the large numbers looking for work compared to those holding jobs. By comparison, unemployment among their age peers who held at most a high school diploma was far lower. (See Table 8.)

Among the unemployed short of a diploma, the majority of public housing residents (61%) were youth under 25. Among voucher holders, 39 percent were also in the youngest group. While equal numbers of men and women were counted as unemployed and not having completed high

Table 8
Employment Status, Youth Between 18 And 24 With At Most A High School Diploma, By Program, 2008 HVS

		No Diploma	Diploma
Public Housing	Percent Working	16%	35%
	Percent Looking for Work	20%	7%
	Percent in School/Training	46%	46%
Section 8 Vouchers	Percent Working	5%	24%
	Percent Looking for Work	18%	15%
	Percent in School/Training	56%	42%

school, among the youth population the men outnumbered the women, roughly by a two-to-one proportion. As of 2008, many unemployed youth, both men and women, might have benefited from high school completion, but male youth appear at greater risk of employment barriers due to lack of a diploma.

A strategic initiative by NYCHA to promote GED preparation and attainment could have a significant impact on the qualifications and readiness of its resident labor force, even in the midst of a severe job crisis.

With a strategic initiative to promote GED preparation it may be possible for NYCHA to have a significant impact on the qualifications and readiness of its resident labor force, even in the midst of a severe job recession. In 2008, a total of 53,400 residents in the labor force were short of a high school diploma. While most were employed, among the 21,000 unemployed residents who were seeking jobs nearly half (48%) had not completed high school. Roughly 10,000 unemployed residents were candidates for GED preparation and adult education programs, most of them younger residents under 35, and particularly male youth under 25.

The potential NYCHA "market" for educational advancement is considerably larger now, because of projected increases in unemployment since 2008. An increase in voucher-assisted units, from 87, 419 to 97,108 households in 2010 also add to the potential pool. The impact of a unfavorable labor market on those without high school credentials will be even more severe. Among the estimated 50,000 to 60,000 unemployed residents at present, we would estimate that about 25,000 NYCHA residents are now seeking work without benefit of a diploma.

This is an important opportunity for NYCHA to develop a comprehensive GED initiative to reduce that number. Such an initiative might include the following:

Affirmative Marketing of GED Preparation Programs: In its communications with residents, in its monthly Journal newspaper, NYCHA should actively promote GED preparation as an important step toward economic self-sufficiency. Resident-friendly materials should encourage enrollment in GED preparation programs. The Authority should do what it can to create an "ethos" that attracts younger residents under 35 to those programs. NYCHA's Fatherhood Initiative, launched in 2010, represents a similar attempt to marshal program resources to promote social change in the resident community.

Identify Candidates for GED Preparation Programs: Housing authorities conduct annual recertification procedures to determine changes in household income and composition that might affect rent payments and to identify household members who are required to perform community service. Under the 1998 Quality Housing and Work Responsibility Act, all adult public housing residents are required to perform eight hours of community service each month, unless they are exempt, for example, because they work or attend school. NYCHA should use recertification, and specifically the community service requirement, as an opportunity to identify members of the household who might benefit from GED preparation.

Promote GED preparation as fulfillment of the Community Service Requirement: Public housing residents subject to the requirement are free to fulfill it through any activity that qualifies as community service. (Voucher residents are not subject to the requirement.) At present, NYCHA does not refer individuals to any particular activity, other than through a listing of the eligible and typical types of community service. As part of its GED Initiative, the Authority should be proactive in referring residents who are short of a high school diploma, particularly younger residents, to available GED preparation programs, and actively encourage them to enroll as a way to fulfill the requirement and, at the same time, improve their chances for a job.

Expand the Range of GED Preparation Program Sites: Through its network of community centers and meeting rooms, NYCHA has the capacity to provide "satellite" facilities for GED preparation programs that would increase their capacity and make them more accessible to the target public housing and Section 8 resident population. To some extent, this is already occurring through the Department of Youth and Community Development (DYCD) Cornerstone programs on a smaller scale at some developments and will expand as the Jobs Plus is extended from two to seven public housing sites under the Mayor's Young Men's Initiative. Of course, any growth in GED programs will also require the funding needed to staff and operate them. The mayor's Young Men's Initiative and NYCHA's Fatherhood Initiative serve as good examples of how the necessary public and private resources can be marshaled when there is a will to do so, even at time when city and state budgets are shrinking.

Broader Inclusion of Section 8 Voucher Residents

As beneficiaries of federal housing assistance, NYCHA's Section 8 residents have as much right to Section 3 job and training opportunities as their peers in public housing. In practice, that is not the case. Extensive capital improvement contracts take place in public housing developments, where they are immediately visible to the resident community and a strong resident leader can press NYCHA and the contractor for training and job opportunities, There is no parallel for Section 8 residents, who are comparatively isolated in private rentals, often without contact with other voucher families. It is no surprise that the pressure for stronger Section 3 efforts has come primarily from public housing residents and their advocates. Although Section 8 represents over a third of NYCHA's assisted units, the Resident Advisory Board (RAB) that confers with NYCHA on its Annual Plans includes only five voucher residents among its 50 members; the rest are elected resident leaders in public housing. This is by no means a consequence of intentional discrimination in favor of public housing, so much as an historical outcome of stronger, institutionalized resident participation in the developments, together with the inherent difficulties of similar organizing among the voucher constituency. Nevertheless, there is much that NYCHA can do to include the Section 8 population in its Section 3 and workforce development activities.

Outreach: It is possible for NYCHA to do a better job of communicating with its voucher residents, for instance, through its annual mailing for Section 8 recertification and reinspection; through special mailings concerning Section 3 opportunities and workforce development resources; through more relevant articles in and wider distribution of the monthly NYCHA publication, The Journal; through borough-wide and community meetings, particularly in areas where voucher units are concentrated, in the South Bronx, Northern Manhattan, and Central Brooklyn. Geographically targeted mailings could be used to notify voucher households, for instance, of new GED preparation sites in their neighborhoods.

Organizing: For several decades, public housing residents have had a relatively high degree of organization that was recognized by NYCHA, which has been institutionalized since the mid-1990s in the HUD 964 regulations for tenant participation and included funding of participation. There is no comparable codification or recognition of resident organization and participation for Section 8 residents. One obvious suggestion would be to organize, at the least, by borough, if voucher residents have the incentive to come together and develop a common agenda. One such incentive for organization would be for NYCHA to create a separate, elected Resident Advisory Board for Section 8 residents, so that their concerns are focused and more likely to be heard, rather than lost among a wide range of public housing issues. Elections might also spur greater organization of the voucher community. Some cities have already moved to have two separate RABs, one for public housing, another for Section 8. It should be given serious consideration.

Coordinate NYCHA Section 3 Efforts with the NYC Department of Housing Preservation and Development (HPD).
NYCHA is not the only public entity in New York City that receives HUD funding. The city's Department of Housing Preservation and Development (HPD) counted 29,000 Section 8 voucher-assisted units in 2010. It also received $300 million in other HUD funds—$173 million through the Community Development Block Grant (CDBG), and $125 million through the HOME Program—programs that are subject to the Section 3 requirement. The CDBG and HOME funds are largely used as capital for housing rehabilitation and development, in which contractors are subject to Section 3 requirements to open up training and job opportunities to low-income New Yorkers. Although HPD posts contractor requirements and report forms on its website, its most recent Annual Plan makes no mention of Section 3. Compared to NYCHA, it maintains a very low profile on Section 3, while much of the heat of resident and advocate pressure has focused on NYCHA, in part because of its funding level and size and in part because public housing residents are more aware of the capital construction projects taking place in their developments.

NYCHA is technically a paragovernmental body independent of city government.[51] However there is little to prevent the Authority from coordinating its Section 3 efforts with HPD, particularly when it comes to opening up opportunities with construction contractors. Such an attempt would be consistent with the mayor's current task force efforts to reform and coordinate the city's multiple workforce development activities. For both agencies, it could reduce the costs of administering Section 3 and enforcing contractor compliance. For NYCHA, it would open up resident access to a wider range of construction projects and possibly offer longer-term career employment. The situation poses another opportunity for NYCHA to leverage its efforts with the city at the same time it expands resident opportunities.

Under the Section 3 mandate, forged in the wake of the urban disorders of the 1960s, HUD's housing dollars were also meant to help create job and training opportunities in the nation's low-income communities. Given the current state of the economy, the need is crucial. In New York City, NYCHA is in a focal position to make that happen. As the largest recipient of HUD funds, and a central institution in the lives of low-income New Yorkers, the Authority should play a more prominent role in the workforce development arena, not only in seeing that Section 3 achieves its maximum potential, but in mounting new initiatives that will strengthen the capacity of low-income workers to participate fully in the city's labor market.

Appendices

A. HVS Data Adjustments for Longitudinal Comparability

In using the 2002, 2005, and 2008 data to track trends and make longitudinal comparisons and then project out to 2010, several adjustments in the HVS data frequencies were necessary to assure comparability of the labor force figures over time. For any HVS variable, however, the percentage distributions for that year remain intact. The major assumptions made, and the reasons for them, are described below.

Public Housing Residents: HVS counts for occupied public housing units varied widely over the three years—from 174,490 units in 2002, to 167,500 in 2005, to 183,800 in 2008—no doubt due to sampling variation and weighting. Yet there was little actual fluctuation in the NYCHA inventory during that period. For the period from 2002 to 2010, it was assumed there were a total of 180,000 public housing units, with a 4 percent turnover/vacancy rate, resulting in 173,000 occupied units throughout the period. HVS frequencies for each year were appropriately "scaled" up or down to reflect that premise.

Section 8 Voucher Residents: The actual number of NYCHA voucher-assisted units in New York City for 2002, 2005, 2008, and 2010 increased over time, according to figures obtained from the NYCHA Office of Leased Housing: 2002: 79,762 units, 2005: 86,251 units, 2008: 87,410 units, and 2010: 97,108 units. Since the HVS does not distinguish between NYCHA Section 8 vouchers, and (about 15,000) vouchers allocated by the Department of Housing Preservation and Development (HPD), the HVS voucher frequencies for each year were appropriately "scaled" down to reflect the portion actually assisted by NYCHA. Since the NYCHA voucher population is more deeply targeted by income—75% must be allocated each year to extremely low-income households—and the distributions reflect the entire voucher population (including HPD vouchers), the bias in this analysis is toward a voucher household population with slightly higher incomes (and earning capacities) than those in the NYCHA voucher population.

B. Estimating Resident Unemployment for 2010

Public Housing: Over the three successive HVS years, the ratio of the public housing unemployment rate to the DOL citywide unemployment rate ranged from 2.61 in 2002, to 2.93 in 2005, and 1.76 in 2008, an average ratio of 2.43 times the DOL rate. Because the 2008 HVS citywide unemployment estimates tend to be low, 3.6 percent against the 5.4 percent for DOL, the 2008 ratio of 1.76 was increased by 50 percent (to 2.64) to yield an alternative three-year average of 2.73 times the DOL rate. The low (2.43) and high (2.73) average ratios were applied to the DOL citywide unemployment rate of 9.5 percent for 2010, yielding estimates of the public housing unemployment rate for 2010, a low estimate of 23.1 percent that year, and a high estimate 25.9 percent.

Section 8 Vouchers: Using the same method as above, the unemployment rate for the voucher workforce averaged three (2.98) times the citywide DOL rate in the successive HVS years—2.98 in 2002, 3.03 in 2005, and 2.94 in 2008—yielding a 2010 unemployment rate of 28.3 percent. A higher estimate was obtained by adjusting the 2008 ratio upward by 50 percent to 4.41, yielding an average ratio of 3.47, When applied against the 2010 DOL unemployment rate of 9.5 percent, it yielded a high voucher unemployment estimate of 33.0 percent.

C. Estimating the Size of the Resident Labor Force in 2010

In the absence of actual data, it was necessary to estimate the size of the NYCHA resident labor force in 2010. For public housing residents it was estimated at 132,300 residents, the average across the three HVS years, spanning a period of high unemployment in 2002 to low unemployment in 2008. Separate estimates were made voucher residents, in order to take into account the increase in voucher-assisted units from 87,400 units in 2008 to 97,100 in 2010.

Over the three HVS years, each NYCHA voucher, on the average, generated 0.735 labor force participants. This figure was applied to the 97,100 units assisted by NYCHA in 2010, resulting in an estimated 71,400 voucher residents participating in the workforce.

Endnotes

1. Section 3 was in part a response to the Kerner Commission Report, which found three "first level intensity" grievances underlying the urban disorders of the period: police practices, unemployment and underemployment, and inadequate housing. See: *Report of the National Advisory Commission on Civil Disorders (Kerner Commission)*, U.S. GPO, Washington DC, 1968.
2. The terms "labor force" or "workforce" as used here refer to working-age individuals, at least 18 years old and less than 65, who are either working or looking for work. It does not include "discouraged workers" who are unemployed and not looking, or those unable to work because of disability, school attendance, family responsibilities, or other reasons. In this analysis, a person is considered employed if he or she has a job, whether it is full- or part-time. The unemployment rate is the percent of the labor force who do not have a job and are seeking work.
3. Estimates based on NYC Housing & Vacancy Survey, 2008. See Appendix A for methodology.
4. Estimates as high as 80,000 unemployed residents in public housing alone have been cited at NYCHA briefings and elsewhere, but they are not substantiated. The figure is alarmingly high since it represents over half of the resident labor force in public housing.
5. Affordable rents are defined as rents within 30 percent of household income, under the Brooke amendment.
6. For 2005 estimates of unemployment in NYCHA public housing, see CSS Report: *Making the Connection: Economic Opportunity for Public Housing Residents* (Victor Bach and Tom Waters, Community Service Society), July, 2009.
7. For a detailed analysis of post-recession employment trends in New York City, see: *The State of Working New York City 2011; Scant Recovery for Workers—Some See Gains but Recession Conditions Persist for Most*, (Fiscal Policy Institute, July 20, 2011.)
8. Under the MOU, NYCHA is also required to use some of its federal capital subsidy for the purchase of police vehicles, another $2.5 million in 2011.
9. Restitution for lost Section 3 opportunities was negotiated in Long Beach, California. *Carmelitos Tenants Association v. City of Long Beach* (Section 3 Case #09-98-07-002-720, June 9, 1998.).
10. *One System for One City, the State of the New York City Workforce System, Fiscal Year 2010*, May 2011.
11. This is particularly so in the Section 8 Housing Choice Voucher Program, where federal funding is not contingent on out-of-pocket rents paid by voucher holders. Public housing subsidies are based on HUD formula allocations; the more the Authority receives in rents, the less it receives in subsidy.
12. Some services are currently provided at the centers by the Division for Youth and Community Development (DYCD) and the Department for the Aging (DFTA).
13. These efforts are described in the *NYCHA Draft PHA Plan, Annual Plan for Fiscal Year 2012, July 8, 2011.*
14. Source: HUD Picture of Subsidized Households, 2008.
15. Ceiling rents were maximum rents based on the apartment size, regardless of household income. They are now "flat rents" that take income and household size into account.
16. HUD Picture of Subsidized Households, 2008: 98 percent of NYCHA public housing units were occupied.
17. Under the American Recovery and Reinvestment Act (ARRA) of 2009, NYCHA was able to federalize its city and state developments, bringing them under the federal funding umbrella.

18. *Capital Needs in the Public Housing Program*, HUD, June, 2011.
19. The term "low income" refers to households with incomes within twice the federal poverty level, roughly $35,000 for a three-person family in 2010. The term "near poor" refers to low-income households with incomes above the poverty level.
20. The three groups are not entirely mutually exclusive. About 2,000 of the 97,000 voucher holders live in public housing, under a "voluntary conversion" of 21 developments financed by the state or city. There is overlap between the two waiting lists since some households apply for both programs. NYCHA estimates the overlap at about 24 percent of the lists, which is taken into account in the analysis.
21. In 2010 NYCHA reported 180,043 public housing units. Assuming a 4 percent vacancy rate, the number of occupied NYCHA units is about 173,00 at any point in time.
22. In 2010, the average number of NYCHA voucher-assisted units located in New York City was 97,108. Source: Leased Housing Department, NYCHA.
23. Waiting list figures are from NYCHA, *NYCHA Annual Plan, FY 2011, Attachment D,* May 2010.
24. Source: 2008 New York City Housing and Vacancy Survey, U.S. Bureau of the Census. The figures, however, include 15,000 vouchers administered by the NYC Department of Housing Preservation and Development, as well as the 97,000 administered by NYCHA.
25. HUD defines extremely low-income households as those with incomes no greater than 30 percent of the HUD Area Median Income, an interval roughly within the federal poverty level.
26. Under the federal Quality Housing and Work Responsibility Act (QHWRA) of 1998, all adult public housing residents, unless otherwise exempt by age, disability, work or school involvement, must "volunteer "eight hours monthly to some form of community service, or the household is at risk of eviction. Attempts to repeal the provision have not yet succeeded. A recent HUD audit is requiring NYCHA to enforce its implementation.
27. It should be noted that the analysis differentiates simply between whether a resident is employed or unemployed as of the HVS. Such factors as income/earnings, full/part-time employment, and the quality or duration of work were not considered.
28. The HVS is usually conducted in the field between February and August.
29. Several assumptions had to be made in order to develop comparable estimates over the three time periods. They are described in Appendix A.
30. Figures for average annual number of NYCHA-vouchered units were obtained from the Authority's Office of Leased Housing.
31. Under federal law, housing authorities must distribute at least 75 percent of voucher allocations each year to "extremely low income households" (roughly within federal poverty levels). The threshold for public housing admissions is only 30 percent, and NYCHA exercises a working family preference in admissions.
32. The findings mirror much recent research and reporting on the issue, beyond the NYCHA resident constituency. For instance, see: Mark Levitan, *Out of School, Out of Work: New York City's Disconnected Youth* (Community Service Society, January 2005), and David Banks and Ana Olivera, *Young Men's Initiative: Report to the Mayor from the Chairs,* (New York City, August 2011).
33. In these charts, a disparity of at least 5 percentage points constitutes over- or underrepresentation.
34. Because of the low proportion of white and Asian households in public housing, HVS sample-size constraints made it difficult to do a similar analysis.
35. The HVS field survey is generally conducted between late January and early June.
36. Estimated 2010 unemployment rates vary with program and are somewhat higher for Section 8 voucher households, between 28 and 33 percent, as opposed to between 23 and 26 percent for public housing,
37. See: *One System for One City*, op. cit., pp. 1, 44-45.
38. From NYCHA notes of the Resident Advisory Board (RAB) meeting of June 23, 2011. The RAB consists of 51 public housing and Section 8 voucher residents. Its role is to collaborate with the Authority on its preparation of the Annual Plan.
39. An innovative model of this approach was established in 2004 as a nonprofit organization, the East River Development Alliance (ERDA) serving the Queensbridge public housing community in Long Island City.
40. NYCHA Section 3 Programs Summary Report for 2010.
41. *Bad Arithmetic: The Failure of New York City Housing Authority Recovery Funds to Create Jobs for Local Residents*, (Community Voices Heard, October 2010).
42. One such model is used by the Philadelphia Housing Authority.
43. Letter to John B. Rhea, Chairman, dated July 26, 2011, from John Trasvina, HUD Assistant Secretary for Fair Housing and Equal Opportunity. The HUD letter was triggered by a November, 2010 letter, filed with HUD by CSS on behalf of the NYC Alliance to Preserve Public Housing.
44. In the past year, an additional $24 million in HUD capital subsidies was allocated by NYCHA for the purchase of police vehicles under the 1994 Memorandum of Understanding.
45. NYPD press release, "Mayor Bloomberg and Police Commissioner Kelly Swear in New Class of 1,249 NYPD Recruits," July 6, 2010.
46. NYPD budget and headcount information comes from Council of the City of New York, Hearings on the Fiscal 2010 Executive Budget for the Police Department, May 19, 2009.
47. See: *Carmelitos Tenants Association v. City of Long Beach (Section 3 Case #09-98-07-002-720)*, June 9, 1998, and "City of Long Beach Finalizes its Section 3 Restitution Plan," *Housing Law Bulletin, Volume 36*, 2004, pp. 9-11.
48. The nationally-known YouthBuild Program, which has since 1988 been providing youth with pathways into the building trades, also includes GED preparation, as do many pre-apprenticeship programs.
49. See *New York Times* articles: "At Council Hearing on Stop-and-Frisk Policy, the Police Stay Silent" (Ray Rivera, September 28, 2010); "Of Tactics in Public Housing, and Recommended Reading" (Al Baker, October 7, 2010); "Judge Criticizes Stop-and-Frisk Police Tactics in Housing Projects" (Al Baker and Janet Roberts, December 20, 2010).
50. Violation of the requirement places the household at risk of eviction. The controversial federal statutory requirement, considered "forced labor" by some, is imposed only on public housing residents, not on other households receiving federal housing assistance. A recent HUD audit calls for NYCHA to step up its enforcement of the community service requirement.
51. The independence is not total. The four members of the NYCHA Board are appointed by the mayor, with the chair serving at the mayor's pleasure, while the others serve for fixed terms.

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I represent: CVH.

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I represent: COMMUNITY VOICES HEARD

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Name: Joseph Stevens

Address: 2120 Randall AVE. BX N.Y. 10473 4 I.S

I represent: ______

Address: ______

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Name: Roxanne Reid

Address: 635 Castle Hill Ave

I represent: CVH

Address: ______

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Name: Shirley Jones

Address:

I represent: Amsterdam Houses | Community Voices

Address: [illegible]

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Name: VICTOR BACH

Address:

I represent: COMMUNITY SERVICE SOCIETY

Address: 105 E22 St NY NY 10010

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(PLEASE PRINT)

Name: ANN VALDEZ

Address: Coney Island Houses

I represent: Community Voices HEARD

Address:

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