Testimony of

Anders W. Hansen

Student at Hunter College, New York

Committee on Public Housing

Council of the City of New York

New York City Council Fiscal Year 2013 Preliminary Budget, Mayor's FY '12 Preliminary Management Report and Agency Oversight Hearings

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250 Broadway

As a student of public policy and a resident of New York City I'd like to thank the City Council for the opportunity to give testimony today before the Committee on Public Housing. I'm here because of my concern over the lack of affordable housing in New York City. It is fundamental to provide all citizens - irrespective of income levels - with living conditions that meet their needs and foster well-being and a feeling of security. This is especially true for the city's most vulnerable inhabitants. Without sufficient affordable public housing this group is left to live in subpar housing, homeless shelters, or in the street. Unfortunately, this is currently the case for an unprecedented number of people in New York City.[1] In my testimony, I will outline the problems facing the New York City Housing Authority and point to some possible solutions to alleviate these problems.

The financial viability of public housing is to this day almost exclusively shaped by fiscal policy at the national level. Federal funding has decreased sharply in the last decade exemplified for instance by the decline in annual federal capital subsidies from 2001 to 2011. In 2001, the New York City Housing Authority (NYCHA) received 419 million dollars through the State Department of Housing and Urban Development's (HUD's) Capital Fund Program, compared to 273 million dollars last year. That is a 35 percent decrease.

In addition, NYCHA has received 700 million dollars less in operating subsidies since 2002 than its federal funding formula requires.[2] While NYCHA achieved a balanced operating budget for Fiscal Year 2011, baseline deficits of approximately 60 million dollars annually are estimated for 2012, and 2013.[3] The federal underfunding has very tangible consequences. For instance, 20 percent of the NYCHA Property Management staff has been laid off since 2005, resulting in a decline in the quality and quantity of NYCHA's services. This trend will most likely continue, considering the estimated budget deficits in the coming years.[4]

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[1] *As Mayor Bloomberg's Failed Policies Exacerbate Crisis, NYC Homeless Shelter Population Tops 41,000*, Coalition for the Homeless Briefing paper, available at http://www.coalitionforthehomeless.org/pages/forty-one-thousand

[2] PLAN NYCHA: A Roadmap for Preservation, December 2011, p. 5, available at http://plannycha.org/wp-content/uploads/PlanNYCHA%20A%20Roadmap%20for%20Preservation.pdf

[3] Hearing on the Mayor's Fiscal Year 2012 Executive Budget, available at http://council.nyc.gov/html/budget/PDFs/2012/NYCHA.pdf

[4] Ibid

The decrease in federal subsidies has resulted in a structural operating deficit and a 13 Billion dollar capital shortfall in the period from 2002 through 2015. In other words, by 2015 it will take an estimated 13 billion dollars in reparation costs to ensure that NYCHA developments are in good repair.[5] Concretely, this means that many buildings have fallen and are falling into disrepair. If this backlog of desperately needed repairs is allowed to grow, there is a great risk that apartments or entire buildings will become uninhabitable. This would have dire consequences in a city where nearly 161,000 families are on the waiting list for public housing and another 125,000 families are on the waiting list for Section 8 housing. Due to a reduction in federal funding, no new vouchers were issued by NYCHA in Fiscal Year 2010, increasing the demand for affordable housing since Section 8 programs represent the only large-scale alternative to traditional public housing.[6]

According to NYCHA, 47 percent of its tenants are working families and only about 11 percent of families depend on welfare.[7] This preference for working class families is understandable insofar as it brings stability to public housing areas and helps avoid problems related to communities dominated by poverty. But it also begs the question: Shouldn't public housing be for the people who can least afford market-rate housing? Especially in times like these when the number of people living in homeless shelters has never been higher.

According to the 2011 PLAN NYCHA: A Roadmap For Preservation, almost a third of public housing residents in New York City pay only 20 percent of their income towards rent, and families with the highest income pay less than 15 percent of their income towards rent.[8] This represents another distortion in public housing. Rents should be increased for the highest-income families, making them contribute a more reasonable proportion of their income to NYCHA and, potentially, giving them an incentive to move to private market housing, opening up their apartments to people on the waiting list.

Since 1985, fewer than 8,000 public housing units have been developed in New York City.[9]

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[5] Ibid

[6] Ibid

[7] The remaining 40 percent are seniors, veterans or the disabled. See NYCHA Fact Sheet at http://www.nyc.gov/html/nycha/html/about/factsheet.shtml

[8] PLAN NYCHA: A Roadmap for Preservation, December 2011

[9] http://plannycha.org/wp-content/uploads/PlanNYCHA%20A%20Roadmap%20for%20Preservation.pdf

227 properties throughout the city are at risk of expiring out of their affordability program by the end of 2015. 34 of these properties - containing more than 10,300 units - are in nonrenewable programs, indicating that new subsidies will be required to keep them affordable.[10] The growth in new affordable housing lags behind the growth in demand for this kind of housing. At the same time, rents in the private market remain high due to very low vacancy rates and a growing number of NYC residents.[11] This adversely affects low-income segments of the population and many are forced to move out of the city or live in shelters.

The only way out of the current housing crisis is the construction of new affordable developments. Ironically, the city government's shift in focus from "welfare housing" toward "affordable housing" in the 1990's, encouraged construction of upscale redevelopment at the expense of actually affordable housing.[12] Since 2007, more than 65 percent of the 700 million dollars invested in Brooklyn by the Community Preservation Corporation (CPC) have gone to market rate development – overwhelmingly in gentrifying neighborhoods like Williamsburg, Clinton Hill, South Park Slope and Prospect Heights. With condominium prices ranging from $300,000 to over a million dollars, this housing is unaffordable to the vast majority of New Yorkers.[13]
CPC has, indeed, financed affordable housing development but this has mostly been in outskirt areas of the city, such as East New York and Brownsville. It is very unfortunate that CPC is instrumental in the gentrification of certain neighborhoods, driving up the rents and forcing the less well-to-do to move to the outskirts of the city.

Many new developments in gentrifying areas claiming to provide affordable housing are in fact not affordable for low-income families. The method used to calculate *affordable income limits* stipulates affordability with income figures for New York City based on a broad region when it should instead be determined by neighborhood. The affordability level is therefore set too high and what is technically considered affordable is not affordable to most low-income families. In

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[10] *New Database Tracks NYC's Subsidized Units*, Housing Finance, September, 2011, available at http://www.housingfinance.com/news/ahf/091411-ahf-New-Database-Tracks-NYCs-Subsidized-Units.htm
[11] *The Lease Is Up, and Now, So Is the Rent*, New York Times, online edition, October 14, 2011.
[12] See Introduction in Nicholas Dagen Blooms "Public Housing That Worked", University of Pennsylvania Press. 2008
[13] *Affordable Housing Policies May Spur Gentrification, Segregation*, Gotham Gazette, Feb., 2011 http://www.gothamgazette.com/article/housing/20110222/10/3469

Bushwick, for instance, the median income was 32,328 dollars in 2009 according to census figures while the entire region's median income was 76,800 dollars.[14]

Another reason why the number of new affordable housing units is far from meeting demand is that market-rate developments on NYCHA owned land tend to offer less - and often much less - than 50 percent of the units at affordable housing rates. NYCHA should mandate future developers to provide a share of affordable housing that exceeds what is the norm today.[15]

Well-managed public housing is important as a means to secure living conditions among the poor that meet their needs and foster well-being and a feeling of security. Furthermore, it's important for a sound housing market: If public housing becomes less accessible, the housing market would tighten and drive up costs for almost all renters in the city.

Rising utility and maintenance costs combined with a decrease in federal funding have resulted in a repair backlog in NYCHA developments. In the short term, this lowers the life quality of public housing residents, and in the long term it could cause apartments or even entire buildings to become uninhabitable, leaving families without a roof over their heads. The decline in federal funding leaves NYCHA in a position in which it has no choice but to cut back wherever possible. Herein lies a difficult trade-off. The services provided by NYCHA are all valuable but the main priority must be to help people on the waiting list for public housing. NYCHA spends more than 60 million dollars annually from its operating budget on community center services. Some of these services could be discontinued or, preferably, the city government could assume the cost, thus saving the services and reducing NYCHA's annual deficit.

NYCHA could increase its revenue by raising the rent for the highest-income families living in its developments. High-income families' rents have been kept artificially low with the intention of attracting working families and promoting mixed income communities. This is a praiseworthy goal

[14] *City's Affordable Housing Program Faces Trouble Finding Buyers*, New York Times, Feb. 8, 2012, available at http://www.nytimes.com/2010/02/19/nyregion/19affordable.html?pagewanted=all
[15] "Ambitious residential and commercial project proposed for Astoria waterfront", http://www.nydailynews.com/new-york/queens/ambitious-residential-commercial-project-proposed-astoria-waterfront-article-1.995065, December 22, 2011

but in the light of the extremely high number of people waiting to move into one of the 178,000 units in NYCHA developments, focus should be on helping those most desperately needing affordable housing. A raise in the rents of high-income tenants would encourage them to transition to homeownership and private housing. A number of units would then open up to low-income applicants.

A main reason for the unmet demand for affordable housing in NYC is the low number of new public housing developments in the last 25 years. The growth in construction of new affordable housing severely lags behind the growth in demand. At the same time, rents in the private market remain high due to very low vacancy rates and a growing number of NYC residents. This obviously affects low-income segments of the population adversely and forces many to move out of the city or live in shelters.

The only way out of the current housing crisis is the construction of new affordable developments. Many new luxury developments claiming to provide affordable housing are in fact not affordable for low-income families. The method used to calculate affordable income limits stipulates affordability with income figures for New York City based on a broad region when it should instead be determined by neighborhood. With the current method, the affordability level is set too high and what is technically considered affordable is not affordable to most low-income families. In Bushwick, for instance, the median income was 32,328 dollars in 2009 according to census figures while the entire region's median income was 76,800 dollars.[16]

Market-rate developments on NYCHA owned land should be mandated to provide a share of *de facto* affordable housing that exceeds what is the norm today.[17]

Thank you for the opportunity to testify.

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[16] *City's Affordable Housing Program Faces Trouble Finding Buyers*, New York Times, Feb. 8, 2012 http://www.nytimes.com/2010/02/19/nyregion/19affordable.html?pagewanted=all

[17] *Ambitious residential and commercial project proposed for Astoria waterfront*, New York Daily News, Dec. 22, 2011 http://www.nydailynews.com/new-york/queens/ambitious-residential-commercial-project-proposed-astoria-waterfront-article-1.995065, December 22, 2011

Community Service Society | Fighting Poverty Strengthening New York

THE LEGAL AID SOCIETY

Testimony of
Victor Bach, Senior Housing Policy Analyst
Community Service Society of New York (CSS)
and
Lucy Newman, Staff Attorney
Law Reform Unit, Civil Law Practice, The Legal Aid Society
at
Oversight Hearings: Plan NYCHA
City Council Committee on Public Housing
March 12th, 2012

We are pleased to comment on the policy directions NYCHA outlines in its PLAN NYCHA: Roadmap for Preservation, released last December. As we see it, the major new policy thrusts are:

- *Raising rents to the maximum allowable level*: All households would be charged the maximum rent permitted under the Brooke Amendment cap of 30 percent of household income. This would override the ceiling/flat rents established to date.

- *Encouraging higher income families to transit out of public housing*: This thrust will open up units for waiting list families, but it constitutes a reversal of the NYCHA "ceiling rent" approach set in 1988, which was intended to keep families in the community.

- *Accelerated disposition of NYCHA property:* Sale, leasing, or transfer of development rights to increase revenue for operations, repairs, and capital improvements. This is not a new NYCHA proposal, it has been mentioned numerous times in its Annual Plans.

- *Applying to HUD to become a Moving-to-Work (MTW) Housing Authority*: Since 1997, when NYCHA first applied and then withdrew, this has been a controversial issue for resident leaders and advocates, with potentially adverse impact on the Section 8 Housing Choice Voucher Program and on public housing tenant protections.

- *Applying for the HUD Rental Assistance Demonstration (RAD):* RAD is designed to enable housing authorities to convert selected public housing developments to long-term, project-based rental assistance contracts, which will enable them to make use of private capital pools for major improvements and preservation. The idea—initially coined as PETRA by HUD—has also been controversial because of its implications for building a private collateral interest in public housing properties, possibly putting them at risk of losing long-term affordability.

- *Creating an "inclusionary zoning" (IZ) approach to generate private support of NYCHA developments*: The approach is not described in the Road Map, but it does suggest another path to introducing a private collateral interest in some developments. In that sense, it is likely to give rise to controversy.

We focus our comments on Section 18 disposition, MTW, RAD, and IZ because these policy shifts because of their potential impacts on the physical design and functioning of our public housing communities, on their financial infrastructure, and on resident rights and protections. We wait to hear resident leaders register their position on the proposed rent policy and alternative options for higher income households.

Accelerated Section 18 Disposition of NYCHA Property

NYCHA has every reason use its property to generate revenues it needs to fuel preservation. It has already moved in that direction in a number of developments.

In two recent instances—Prospect Plaza and Washington Houses—we were concerned that NYCHA's Section 18 disposition/demolition proposals were submitted as "minor amendments" to its Annual Plan, without adequate public review. This year HUD addressed that concern by issuing a notice requiring that any off-plan Section 18 proposal be submitted as a "significant amendment", which would call for a written plan, 45 days for review, and a public hearing.

Although "resident consultation" is a HUD Section 18 requirement, we are concerned that affected residents being consulted may not have the expertise or the independent technical assistance they need in these complex development proposals to effectively pursue their interests and concerns. Too often, resident leaders must rely largely on what NYCHA leaders and key staff provide. No matter how well intended NYCHA consulters are, as landlord representatives they have a vested interest in the proposed disposition/demolition plan.

We recommend that the Road Map include provision for independent technical assistance to resident councils affected by NYCHA Section 18 demolition/disposition proposals. Similar technical assistance should also be extended to residents affected by MTW. RAD, and IZ proposals. If a portion of the annual HUD Tenant Participation (TPA) funds were allocated for such assistance, additional costs would not be imposed on NYCHA.

The NYCHA Moving-to-Work Application

Since the funding flexibility sought by NYCHA in MTW may result in diverting Section 8 voucher funds to offset shortfalls in public housing operations, we are concerned about any net loss in Section 8 vouchers and affordable housing opportunities available to the waiting list. We are also concerned that MTW may enable NYCHA and other authorities to waive federal statutes and regulations that protect tenants. Among existing MTW authorities, virtually all have waived the HUD 964 tenant participation regulations, some have waived the Brooke amendment, and others have instituted work requirements for public housing residents or set time limits on tenancy.

Any agreement concerning the terms of NYCHA's application for MTW must, at a minimum, assure that federal statutes and regulations concerning tenants' rights and protections will not be waived. These include the Brooke Amendment, the HUD 964 tenant participation regulations, statutory protections re pet ownership, current regulatory standards on eligibility screening, and federal rights to grievance procedures.

We recommend that the above agreement be codified in a Memorandum of Understanding, or other suitable instrument, which will bind NYCHA for the foreseeable future.

We recommend that NYCHA commit itself to holding a special public hearing on its MTW application prior to submission to HUD, including a 45-day period for public review of the proposal. A similar special public hearing should also be required for all RAD and IZ proposals.

NYCHA Application for the HUD RAD Program.

Under RAD, NYCHA will select one or more public housing developments for conversion to long-term rental assistance contracts, with the potential for generating private capital for repairs and capital improvements. The role of private interests in public housing and the potential for preserving or risking affordability and public ownership are sensitive issues for many resident leaders and advocates. Since such conversions are technically transfers out of the public housing inventory, they may also restrict the protections and rights residents now enjoy. At present HUD requires only evidence of resident consultation and participation, presumably in the affected developments.

We recommend that any RAD proposal be treated as a significant amendment to the standing NYCHA Annual Plan, with 45-day public review before a special public hearing. Independent technical assistance must also be provided to affected residents.

Use of the Inclusionary Zoning Approach

We are waiting to hear more from NYCHA about how this approach might work, and how private collateral interests would affect public housing.

As above, we recommend independent technical assistance for affected resident councils, as well as a special public hearing on any such proposal.

Thank you.

March 12, 2012

Legal Services NYC

Testimony of Legal Services NYC before the New York City Council Committee on Public Housing

My name is Brent Meltzer and I am the Co-Director of the Housing Unit at South Brooklyn Legal Services, a program of Legal Services NYC, the nation's largest civil legal services provider. The eighteen neighborhood offices of Legal Services NYC operate in diverse communities throughout the City, providing free, high-quality legal assistance on cases involving housing, family, domestic violence, public benefits, income tax, employment, education, consumer rights and economic development.

Legal Services NYC has extensive history addressing systematic problems with the New York City Housing Authority (NYCHA), including bringing landmark litigation that provided Section 8 tenants with hearings (McNeil) and forcing landlords to certify before eviction proceedings against Section 8 tenants (Williams). This past year, South Brooklyn Legal Services has carried on that tradition by litigating to challenge problems with NYCHA's administration of the Section 8 program; NYCHA's failure to complete repairs in a timely manner; and NYCHA's conduct in administrative eviction proceedings. This litigation highlights only some of the multitude of problems low-income New Yorkers encounter with NYCHA.

At a previous hearing, I testified about problems that NYCHA has had administering the Section 8 voucher program, placing approximately 90,000 tenants at risk of wrongful eviction. In February 2011, NYCHA began using an automated system to conduct the yearly recertification tenants are required to perform to remain eligible for the Section 8 program. Unfortunately, the

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system did not work properly, and our office was inundated with tenants who had submitted their recertification packets only to receive notice that they were going to lose their voucher and face eviction. Even more shocking, tenants who requested hearings were still terminated, a clear Due Process violation.

In response to these problems, our office, along with the Legal Aid Society, filed a lawsuit in Federal Court, Campos v. NYCHA, challenging NYCHA's systematic failure to properly administer the recertification process. Since filing the litigation, we have begun to have monthly meetings with NYCHA to address problems with the new computer system. While we have been assured that NYCHA resolved the problems, just two weeks ago we documented new instances of tenants who submitted recertification packages but still received termination notices. To date, NYCHA has not been able to explain to us why this problem continues.

In addition to litigation around Section 8, our office also does work in the Public Housing context. For instance, in collaboration with Families United for Racial and Economic Equality ("FUREE"), we challenged NYCHA's shockingly poor record of repairing conditions in Public Housing tenants' apartments. Incredibly, tenants are waiting anywhere from 1-4 years to obtain necessary repairs in their apartments. One tenant had her windows boarded up and the kitchen sink removed after a fire in her apartment. We called the Customer Contact Center and were told that NYCHA wouldn't be there to make repairs until December 26, 2012, almost a year after the fire. Another tenant has been living with mold which she believes is causing her serious respiratory problems. She has been waiting for NYCHA to make repairs since she submitted a request in May of 2010.

On March 1st, our office, in collaboration with FUREE, filed a law suit against NYCHA challenging its failure to complete repairs under the deadlines set by the Housing Maintenance

Code that every landlord is required to make. We held a press conference announcing the suit, and within hours, NYCHA was making repairs in our clients' apartments. It shouldn't take a press conference and lawsuit to have NYCHA make the repairs that every landlord is required to make. It is embarrassing that our Housing Authority acts like a slumlord and refuses to follow the rules that our City has created to ensure safe housing.

As you are aware, NYCHA is the largest landlord in the City, with more than 175,000 families in what the courts have termed "housing of last resort." Evictions for tenants in NYCHA Public Housing happen in administrative proceedings overseen by NYCHA employees. Most tenants are unrepresented at these hearings and therefore are unable to raise legal or factual defenses. In many cases, NYCHA uses documents that would be excluded in a court of law, but because the rules of evidence do not apply and the tenants are unrepresented, NYCHA is able to evict tenants or have family members excluded.

In other cases, the tenants are presented with a choice: either sign an agreement prepared by a NYCHA attorney or risk going to the hearing unrepresented. These agreements often require tenants to exclude family members from their homes or place tenants on probation even when they deny the allegations.

Recently, the New York City Bar's Committee on Criminal Justice Operations wrote to NYCHA expressing its surprise and concern with the overwhelming number of its cases disposed of by stipulation, which waives the tenant's right to a hearing. Indeed, this concern is well founded— in 2009 alone, out of 12,245 cases only 589 went to hearing. And unlike housing court, where a Judge is present to monitor these agreements, no one is monitoring the agreements that NYCHA is requiring the tenants to sign. We are concerned that unrepresented tenants are signing agreements excluding household members and agreeing to go on probation simply because there is no attorney representing the tenant to push back.

For the past couple of years, SBLS has supervised NYU Law Students who represent Public Housing tenants in administrative eviction proceedings. By having students monitoring the hearing process, we have begun working to challenge bad practices by NYCHA that cause families to be broken up and unfairly evicted. Incredibly, in many cases where the students notify NYCHA that they are representing the tenants, NYCHA immediately drops the eviction proceeding. At one hearing, we were able to assist a working mother whose adult disabled son allowed her excluded husband into the apartment. The students helped the mother gather proof that she was not home when the husband was found, saving her apartment. Without the students' help, this mother and her three children likely would have lost the hearing and been evicted.

Another attorney in our office, Sonia Shield, recently uncovered a startling practice of NYCHA's in Housing Court. Despite plain language in NYCHA leases requiring written notice to the tenant, NYCHA chooses *not* to serve written rent demands before commencing non-payment cases. Instead, NYCHA's practice is to allege only oral notice. This practice has been considered and rejected by the Bronx housing court in NYCHA v. Cherry. Bronx L&T No. 804216/10, page 5 (decision dated 8/9/11). The court in Cherry held that the NYCHA lease does require a written demand for rent.

NYCHA acknowledges that it commences approximately 50,000 non-payment cases each year. As NYCHA provides housing to some 400,000 individuals, this means that NYCHA sues one out of every eight NYCHA tenants for alleged rent arrears every year. The failure to provide these tenants with a written rent demand prior to commencing suit means that 50,000 tenants every year walk into court without having had a chance to investigate the claim against them, prepare a defense, or take steps to avert the filing of the suit against them. This not only costs tenants time away from work, but also clogs up the courts and costs NYCHA money spent on litigation.

We have also recognized for years that NYCHA continues to charge legal fees to tenants without having any right to do so. In New York, the law is clear that without a contractual or statutory right to legal fees, one party may not seek them from another party. NYCHA regularly places attorney fees on tenant ledgers and seeks these same fees in court papers. However, NYCHA's leases do not contain any right to seek legal fees and there is no statutory basis for NYCHA to seek these fees. If this practice continues, NYCHA will likely face even more litigation to come.

Thank you for the opportunity to testify today. Legal Services NYC is committed to assisting New Yorkers with issues that arise from NYCHA's administration of the Section 8 and Public Housing programs. We are hopeful that the City Council will continue to be vigilant and make certain that NYCHA is called to task for all its problems. If you are in need of further information on these issues or any other legal issues, we are always willing to answer any of your questions.

Respectfully submitted,

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Mrs. Brown
Community Voices Heard Member
March 12, 2012
City Council Hearing on PLAN NYCHA

My name is Loraine Brown; I am a S8 resident and a member of Community Voices Heard.

First, I wish to thank this honorable body for allowing me to speak today regarding PlanNYCHA, and Chairman Rhea thank you for your vision.

I want to talk about NYCHA'S application to the HUD Rental Assistance Demonstration [RAD] program, and the impact RAD would have on its residents.

Also, two years ago, Secy. Donovan asked the National Housing Law Project [NHLP] to select a group of public and Section 8 housing residents to meet with him for the purpose of discussing plans to transform public housing. I was selected along with 74 other residents throughout the country. We met with the Secy. to discuss the proposal which has now become RAD [the name has been changed four times; perhaps to distract us].We continue to speak with the Secy's key staff. We outlined our concerns at that time and I want to be sure that this body understands the impact that RAD would have on NYCHA's portfolio:

1. Tenants' Rights – residents must become involved through public hearing for the 60,000 proposed RAD developments. Legitimate resident tenant organizations must be able to meet regularly and organize in the development independently of owners, management or representatives. These tenants' rights must be spelled out, i.e., rescreening, hearing rights, access to information, and involvement in NYCHA's RAB. The $25/unit/year funding must remain in place. Tenants must be provided technical assistance wherever needed.

2. Enforcement – Owners of Project based Section 8 housing who violated the resident participation rules must be sanctioned such a debarment of future contracts, suspension, or limited participation in federal programs.

3. Five-Year Agency/Annual Plan – It's critical that RAD have an annual public hearing. The Annual Plan is an opportunity, a voice for the resident, if you will, to raise concerns, and/or recommendations regarding proposed demolitions, changes in conversions, and opportunities for public ownership for trained local tenant organizations.

4. Capital Construction – residents must be provided the documents, in advance, but more importantly, technical assistance/training to understand the capital plan; the breakdown as to how and why units are selected. Residents should be trained [technical] serve on key decision-making committees for their respective developments. Plan NYCHA is only including $31 million for repairs for the next five years. NYCHA gives NYPD $98 million per year. CVH urges NYCHA to end the MOU. As stated by Chairman Rhea, $10 million could cure 100,000 repairs, if the NYPD funding were to stop for one year. Given that, NYCHA could address over one-half million repairs in one year.

5. Section 3 – key to jobs, jobs, jobs and empowerment of the residents. Under PETRA, Section 3 was included, but I do not see any reference in RAD. Given that, residents are concerned that Section 3 is not an effective program in place due to the lack of training and lack of access to apprenticeship programs by Section 3 residents. Current enforcement of Section 3 must be improved. CVH has created a S3 proposal which implements the principles of Philadelphia's Workers Center.

6. Mixed Finances – how is Section 3 going to be addressed in a mixed financed development [public housing, project-based S8 and FMR]? Also, what is going to be the breakdown—20% public housing, 70% project based S8 and 10% FMR? What happens to the residents when the contract/mortgage expires [opts out] and the lender no longer wishes to participate? What protections would the resident have in the event that the subsidy contract is transferred to another development? These conclusions must be spelled out for the residents.

7. Public Ownership –public land must be maintained in perpetuity by a public agency, legitimate mission-driven non-profit or resident controlled housing entity such as a resident-run non-profit.

In closing, Mr. Chairman, thank you for your vision, but can you define, at this time how NYCHA is going to successful implement the RAD? Let us help you with the heavy lifting. NYCHA is unique that its portfolio is unlike in other in the nation, and, therefore, we could do great things by transparency, accountability and your continuation of working with the residents and partners such as Community Voices Heard.

Further, we could start by leveraging Section 3 to start resident owned businesses. Residents must be taught how to develop sustainable small resident owned businesses in public housing and municipal HUD funded projects where Section 3 and HUD regulations exist. And, we could foster a better relationship with the Trades. We could have the best program in the nation, but more importantly, thousands of residents working to better their lives.

We look forward to our continued relationship with you to find constructive solutions.

When we know better, we do better!

Mrs. L. Brown, President
334 E. 92nd Street Tenants Association

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STATE OF NEW YORK
ALBANY

LINDA B. ROSENTHAL
Assemblymember 67th District

CHAIR
Subcommittee on Mitchell-Lama

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TESTIMONY OF ASSEMBLYMEMBER LINDA B. ROSENTHAL BEFORE THE NEW YORK CITY COUNCIL COMMITTEE ON PUBLIC HOUSING HEARING ON "PLAN NYCHA: A ROADMAP FOR PRESERVATION"

March 12, 2012

Good afternoon. I am Assemblymember Linda B. Rosenthal, and I represent the 67th Assembly District, which includes the Upper West Side and parts of Clinton/Hell's Kitchen in Manhattan. I am testifying today in regard to the financial plan recently released by the New York City Housing Authority (NYCHA) entitled "Plan NYCHA: A Roadmap for Preservation" (the Plan).

As a member of the New York State Assembly's Committee on Housing and an elected official who has assisted countless constituents in the four NYCHA developments in my district (Amsterdam Houses, Amsterdam Addition, Harborview Terrace and 154 West 84th Street), I am pleased to see NYCHA taking a creative and proactive approach to addressing its serious budget difficulties as well as issues with maintenance and service provision to its residents. While I am encouraged by the Plan's stated goals of generating additional revenue, reducing the backlogs of repair and capital work, improving safety and security and increasing both the number of New Yorkers served by NYCHA and the quality of that service, I am concerned by the lack of specificity about how some of these goals will be achieved.

I applaud some of the initiatives that are spelled out in the Plan. NYCHA's plans to work with the New York City Department of Sanitation to expand recycling initiatives and to partner with energy service corporations to help finance energy efficiency improvements in NYCHA developments are particularly exciting. Recognizing that energy efficiency produces savings in the long run, NYCHA's decision to pursue creative funding that will enable projects to proceed without impacting tenants is progressive and forward thinking. Similarly, charging commercial tenants in NYCHA buildings a market rent is an effective way to increase revenue without impacting services to tenants.

Other initiatives, such as the "right-sizing" of under- or over-occupied apartments and a potential home-sharing program will also help NYCHA to realize additional savings. However, these programs will and have already had significant impacts on the lives of NYCHA residents, and therefore, must be implemented and administered with the utmost of care. Improved communication between NYCHA and its residents is needed to streamline the process and reduce tenants' resulting confusion and stress. Given the ongoing issues with the implementation and enforcement of NYCHA's under-occupancy policy, any new programs that will directly impact tenants must be carefully reviewed and communicated to tenants before implementation.

Despite these few bright spots, however, the Plan does not provide enough information to enable meaningful comment on many of the proposals included therein. For example, the Plan establishes NYCHA's intention to seek a "Moving to Work" (MTW) designation from the U.S.

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Congress, which would increase the Housing Authority's flexibility in the allocation of its funding through a new contract with the U.S. Department of Housing and Urban Development (HUD). An MTW agreement would enable NYCHA to combine funding provided for the Section 8 voucher program and public housing. However, such a monumental change in NYCHA's funding and operations, achieved by combining what are currently dedicated revenue streams for Section 8 and public housing, demands far more than a brief mention in the Plan. NYCHA must explain the ways in which it would use this additional flexibility to achieve fiscal stability without negatively impacting either current public housing tenants or Section 8 voucher holders. Simply moving funding from one program to another is not a solution to NYCHA's fiscal crisis.

NYCHA also states that it will pursue public-private partnerships to generate funding, but only mentions two specific initiatives which it intends to pursue. The first is an application to HUD's Rental Assistance Demonstration (RAD) program, which would enable NYCHA to convert public developments to private rentals with long-term Section 8 contracts and other affordability protections. Secondly, the Plan includes NYCHA's intention to fund public housing through the construction of mixed-income or market-rate housing. While these initiatives may help balance NYCHA's budget, they would also heavily privatize NYCHA's portfolio of housing stock and could lead to a significant percentage of NYCHA-managed apartments becoming unaffordable for low- and middle-income residents. Given the substantial and likely negative impact of these programs on residents, NYCHA must fully explain how it would implement them. Similarly, the Plan fails to explain NYCHA's intent to work with private developers to use inclusionary zoning policies to develop new affordable units and preserve existing public housing units. In the absence of additional information, this statement is particularly perplexing given that inclusionary zoning is intended solely for private developers to ensure that their properties have a significant percentage of affordable units.

The Plan also states that the NYCHA will seek to monetize its air rights by implementing a program to secure private advertising to generate revenue. While I am glad to see NYCHA thinking creatively about potential new revenue sources, it must provide the community with more information regarding the interests to whom these rights may be sold. It falls to the community to prevent the proliferation of potentially unsightly billboards and other forms of advertising that are uniquely targeted to NYCHA residents. "Plan NYCHA" makes broad claims that it will reduce the repair backlog, work to improve the relationship between its residents and the New York Police Department (NYPD) and improve communication with residents without outlining the means by which it will accomplish these goals. If NYCHA is examining its relationship with the NYPD as it strives to overcome fiscal difficulties, I encourage it to renegotiate or eliminate the Memorandum of Understanding between it and the NYPD which takes $70 million each year from NYCHA's operating budget to pay for police services to which public housing residents are already entitled as taxpayers.

Though "Plan NYCHA" is only the first step in a long process to reach financial solvency, NYCHA must provide stakeholders who have an interest in protecting middle- and low-income families living in New York with more information about the ways in which NYCHA plans to achieve that solvency. By providing concrete plans, NYCHA will enable these stakeholders to play a greater role in improving the quality of life for all residents living in NYCHA developments while at the same time demonstrating its own willingness to work with them to advance its goal of achieving financial sustainability. Thank you.

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I represent: NYAAD

Address:

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I represent: Community Voices

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Name: VICTOR RACH, CSS ~~& LUCY NEWMAN, Legal Aid~~

Address:

I represent:

Address:

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Name: ANDERS HANSEN

Address: 623 HUMBOLDT STREET, APT 3L

I represent: MYSELF

Address:

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Name: Brent Meltzer

Address:

I represent: Legal Services NYC

Address: 40 Worth Street, NY NY 10013

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(PLEASE PRINT)

Name: LUCY NEWMAN, The Legal Aid Society

Address: ______________________

I represent: ______________________

Address: ______________________

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