

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON PUBLIC HOUSING

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April 26, 2012
Start: 10:15am
Recess: 01:45pm

HELD AT: Committee Room - 14th Floor
250 Broadway

B E F O R E:

ROSIE MENDEZ
Chairperson

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Margaret S. Chin
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CHAIRPERSON MENDEZ: Good morning, welcome everyone, I'm Rosie Mendez and I am the Chair of the Committee on Public Housing. I want to thank everyone for being here this morning, and today's hearing is on NYCHA's management of its Section 8 Rental Assistance Program. This will also serve as a follow-up to a previous hearing conducted by this Committee in September of 2011. The issue at hand today is very serious. Nearly 100,000 New Yorkers rely on NYCHA's Section 8 vouchers to provide them with an opportunity to live in affordable housing. During September's hearing on NYCHA's management of its Section 8 Program, we learned that a number of family vouchers were at risk because of possible administrative and procedural errors committed by the Housing Authority. Because of concerns related to pending litigation at its Section 8 Program, the Authority was not present at the September, 2011 hearing. However, NYCHA representatives are here today, and ready to testify, and I look forward to hearing about the decisions made by NYCHA to move towards a more automated system of handling Section 8 paperwork,

1 and the effect that this decision has had on the
2 Authority's ability to provide services in its
3 Section 8 voucher holders ... for its Section 8
4 voucher holders. Today's hearing comes at a very
5 interesting time, just two days ago I was informed
6 by the Department of Housing Preservation and
7 Development that 750 vouchers previously issued
8 through Section 8 Program for NYCHA, it was
9 transferred through HPD's Rental Assistance
10 Program in 2010, because there was a shortage,
11 will now be asked to be returned to the Section 8
12 voucher holders. In order to complete a transfer
13 back to NYCHA we are told that the families must
14 fill out the appropriate paperwork to become valid
15 Section 8 voucher holders once again. Because of
16 the number of complaints that gave rise to this
17 hearing, in particular related to NYCHA's
18 mishandling of documents, I am concerned for these
19 750 families. I am also concerned that despite
20 repeated attempts to receive an update on the
21 Authority's number of available Section 8
22 vouchers, we do not know how many vouchers NYCHA
23 currently has available. For example, there
24 continues to be 1,000 families where their
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1 vouchers were revoked in 2010 that did not receive
2 any that are on the waiting list, and as a result
3 of that crisis, it still persists to this day and
4 those vouchers have not been reissued to those
5 individuals on that waiting list. I am joined
6 today by Erik Dilan from Brooklyn, who is a member
7 of this Committee, Margaret Chin from Manhattan,
8 who is a member of this Committee, and Robert
9 Jackson from Manhattan, who is a de facto member
10 of this Committee. I also want to inform the
11 public and inform my colleagues, though we did
12 tell them, that since there is pending litigation,
13 there are things that the Housing Authority may
14 not be able to answer. We are going to go through
15 their presentation, and then at some point we will
16 ask ... we will get to ask questions, but they will
17 let us know when we veer into dangerous territory
18 that they feel they cannot answer because of the
19 litigation. So I want to thank everyone for being
20 here and if the Housing Authority, if you could
21 all introduce yourselves for the record, and then
22 give your testimony.

24 MS. RIAZI: Good morning, I am
25 Atefeh Riazi, Acting General Manager of NYCHA.

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2 MR. RAPPAPORT: Steven Rappaport,
3 Assistant General Counsel for NYCHA.

4 MR. SERRANO: Carlos Serrano,
5 Senior Vice President, Leased Housing Department.

6 MS. RIAZI: May we begin? Good
7 morning again, Chairwoman Rosie Mendez and
8 distinguished members of the City Council, I am
9 Atefeh Riazi, Acting General Manager of New York
10 City Housing Authority. Joining me this morning
11 are Carlos Serrano, Senior Vice President for
12 Leased Housing, and Steven Rappaport, Acting
13 General Counsel for Housing and Employment
14 Litigation.

15 MR. SERRANO: Assistant General
16 Counsel.

17 MS. RIAZI: I just promoted you.
18 We're glad to be here before you to discuss
19 NYCHA's administration of the Housing Choice
20 Voucher Section 8 Program. Since its creation in
21 1974, the Section 8 Voucher Program has offered
22 vital housing assistance to low- and moderate-
23 income New Yorkers and their families in
24 privately-owned apartments around the five
25 boroughs. In providing a substantial income-based

1 Federal rental subsidy to eligible individuals,
2 the Section 8 Program is one of the most flexible,
3 enduring and effective tools we have to insure
4 that working families have assurance of a safe,
5 affordable home, the first step towards financial
6 independence and economic stability. NYCHA's
7 Section 8 Program, funded by the United States
8 Department of Housing and Urban Development, known
9 as HUD, and administered by NYCHA's Leased Housing
10 Department, is the largest and one of the most
11 complex in the nation and has grown significantly
12 over the last five years. Its success depends on
13 cooperative partnerships and diligent compliance
14 on the part of three independent stakeholders:
15 residents, private landlords and NYCHA. Each of
16 these parties has distinct responsibilities they
17 must fulfill in order for the program to function
18 and provide maximum assistance to voucher holders.
19 Landlords must insure that their buildings and
20 apartments meet the quality standard ... sorry, I
21 lost ... standards outlined by HUD in order to
22 qualify for subsidy. Residents must find a
23 suitable participating apartment and insure that
24 all certification paperwork is submitted in a
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timely manner, in order to remain eligible for the program. NYCHA, in addition to administering all aspects of the Section 8 Program, has a responsibility not only to insure that landlords and residents are fulfilling their obligations and adhering to HUD rules, but that the process for doing so is as easy, transparent and accountable as possible. NYCHA takes extremely seriously its obligations to the families the Section 8 Program serves, the taxpayers who fund the program, the regulatory who writes and enforces the program's rules, and the landlords whose partnership and participation allow the program to be a source of support for so many New Yorkers. Even in the face of a severe underfunding and cuts to the Section 8 administrative budget, which I will outline shortly, NYCHA remains absolutely committed to fulfilling the program's promise to the fullest by pursuing innovative means to efficiently and effectively serve the New Yorkers who participate in it. In 2011 alone, NYCHA's Leased Housing Department oversaw the expenditure of almost \$1 billion in Section 8 subsidies to more than 32,000 private landlords, providing vital housing

1 assistance to more than 250,000 New Yorkers in
2 over 94,400 rental apartments citywide. The
3 Leased Housing Department also enforced program
4 compliance on the part of NYCHA, landlords and
5 residents, to insure continuing subsidy to
6 eligible households and building safety. Section
7 8 is one of the nation's most heavily-regulated
8 Federal programs. HUD's code of Federal
9 regulations governs all aspects of the program,
10 including participant and landlord eligibility,
11 eligible apartment locations, and NYCHA's
12 obligations and responsibilities, and strictly
13 enforces apartment and building housing quality
14 standards. In order to make the requirements
15 outlined in Federal regulations in an average
16 month the Leased Housing Department performs
17 certifications for approximately a 1,000
18 participating families, reviews more than 1,000
19 transfers and conducts approximately 10,000
20 apartment inspections. In recent years NYCHA has
21 taken a number of important steps to streamline
22 our operations to better serve voucher holders
23 while insuring that participating landlords
24 receive timely payments and have access to
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adequate support to quickly and efficiently handle issues when they do arise. Operational and technological improvements have made NYCHA's Section 8 Program more transparent and accountable and through the elimination of antiquated systems and the automation of manual processes have resulted in greater compliance with HUD regulations and fewer errors. We have aggressively pursued these program improvements even in the face of significant Federal funding reductions. While the overall Federal subsidy for Section 8 vouchers has increased nationally, NYCHA's Section 8 program has been cut and underfunded by approximately \$178 million over the last seven years. As a result of Federal underfunding, NYCHA has had no choice but to reduce the Leased Housing Department by more than 100 employees, including housing assistance, clerical workers and others. These represent a staff reduction of more than 20%, leaving a staff of less than 400 to administer a billion dollar program serving a quarter million New Yorkers in need. These numbers do not reflect the additional Federal funding reductions we face in 2012 and

beyond. Certainly they do not reflect the estimated 9% across-the-board sequester required by the Budget Control Act of 2011, that will reduce funding for all Federal discretionary programs on January 1st, 2013. As is the case with public housing authorities across the country, the bleak reality of Federal underfunding is not going to change for the better any time soon. At the same time, the cost of individual Section 8 vouchers has risen considerably in recent years, meaning our annual rental subsidy covers less vouchers than it otherwise would. The necessity to serve more families with less, compounded with an existing Section 8 wait list of more than 123,000 families makes it all the more important that we do everything in our power to insure that only those families truly eligible for vouchers under HUD rules are participating in the program. That being said, NYCHA continues to effectively manage the more than 94,000 vouchers in our Section 8 program. We have met the challenge of improving service with a reduced staff, and improved our operations to better meet the needs of residents and landlords. We have overhauled

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2 paper-based legacy systems that are fraught with
3 problems and put in place automated processes that
4 have made NYCHA more accountable and accessible,
5 while providing a concrete framework for better
6 measuring our own performance moving forward. I
7 would now like to turn over the testimony to
8 Carlos Serrano, Senior Vice President of Leased
9 Housing, who will go over the program processes
10 prior to deployment of the new system and
11 modernization. Thank you.

12 MR. SERRANO: Thank you, General
13 Manager Riazi. Good morning, my name is Carlos
14 Serrano, once again I'm the Senior Vice President
15 for Leased Housing. To insure efficient and
16 effective service delivery, with maximum
17 utilization of a shrinking Federal subsidy and
18 streamlining the recertification and inspection
19 processes, NYCHA introduced the Improving the
20 Customer Experience Program, otherwise referred to
21 as NICE, in 2011. NICE allows NYCHA to better
22 track resident and landlord information, improve
23 accuracy and verification by minimizing employee
24 discretion and the potential for error, better
25 enforce HUD regulations and enhance our access to

vital data. NICE is part technology, part process and organizational change. It involved the automation of an antiquated and inefficient manual processing system to increase organizational efficiency and compliance. The consolidation and redesign of walk-in centers and the introduction of new phone and online options that would eliminate the need for many office visits, thereby reducing wait times and improving service to both voucher holders and landlords. I would now like to walk you through a presentation on NYCHA's administration of Section 8 Program before and after NICE. Can everyone hear? Okay, can everyone hear me now? Okay. Okay, so what I have here is a story board that shows the NICE operations for the annual recertification process before and after NICE. The left-hand side is the pre ... before NICE process, and the right-hand side of the story board is our new process, beginning effective February of 2011. To give context, I start from the left-hand side, upper left corner, and I'll walk you through the dynamics and the intricacies of the inefficient manual process that we had on annual recertifications. It's important

1 to understand how we were structured before, we
2 were decentralized on a borough basis. Every
3 single borough had its own operation, and had
4 considerable discretion on how they handled the
5 annual recertification process, inspections,
6 transfers, every borough did their own, ran every
7 piece of the operation. So essentially we had
8 five different offices run by staff and managers
9 that basically exercised a lot of discretion. The
10 process began with clerical staff preparing the
11 annual review packet, which we referred to as the
12 affidavit of income. Essentially what that
13 entailed was packaging the annual affidavits of
14 income into stuffed envelopes, the postage-paid
15 return envelopes addressed back to the respective
16 borough offices where they were sent out from. I
17 think it's important to note that the annual
18 recertification process then and now begins five
19 and a half months in advance before the
20 anniversary date of the last annual
21 recertification that that family completed. So it
22 starts five and a half months in advance of that.
23 Again, we placed it into postage-paid envelopes,
24 self-addressed back to the respective office where
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it was--

CHAIRPERSON MENDEZ: (Interposing)

Could you repeat that about the five months
please, Mr. Serrano?

MR. SERRANO: I'm sorry?

CHAIRPERSON MENDEZ: Could you
repeat that once more for the record, about the
five months?

MR. SERRANO: Sure, yes. The
process again, then and still now, for annual
recertification begins approximately five and a
half months before the anniversary date since that
family last recertified. Again, we would mail it,
stuff it into envelopes, it would be mailed to the
head of household on record. That head of
household would be required to provide information
on the affidavit of income regarding family
composition, income, unemployment, all the
information about that family and the income and
the wages coming into that family. That
information would then be mailed back to us, and
it would, again, since it was self-addressed, back
to the respective borough office, it would come
back to that borough office. It was distributed,

1 if for argument's sake it was sent to the Brooklyn
2 office, it would then be placed in the in-boxes
3 for the respective housing assistants who were
4 responsible for processing, reviewing and
5 completing those annual review packets. Then the
6 workload was distributed based on zip code. Every
7 housing assistant had a respective zip code that
8 they were responsible for processing those annual
9 review packets. Then what would happen is, the
10 respective HA would get the information, now here
11 is where I guess the inefficiencies began, not to
12 mention the fact that we had carpal stuffing
13 envelopes, it would come back, the HA responsible
14 for processing that annual review packet had a
15 multitude of responsibilities that they had to
16 basically multi-task and handle all at one time.
17 They were required to see visitors, they were
18 required to process all the annual review packets
19 coming in, they were required to answer the phone.
20 Very importantly, they were required to manually
21 calculate the proportionate share of rent, to get
22 back to the family in terms of on the new
23 anniversary date what their share of the rent
24 would be. So they had to do that manually, and
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every HA did that respectively, so there was great opportunity for creating a lot of calculation errors. And then after reviewing, they would be responsible for manually entering the information into our own mainframe legacy system. Upon review, if that family, if the housing assistant found that the information provided was insufficient and we required additional information, they would have to stop their work, type out a request for additional information, put it in a postage-paid return envelope, send it back to the family, the family would have to send it back to us, it would have to be deposited, and then the HA would have to go through their files, their multiple files and try to find where in that pending additional information the last work was done, pull it out, and then start working on it again. Assuming all information ... that process, by the way, would continue back and forth reiterative if in fact we weren't getting the information, requiring the HA to stop what they were doing to essentially type additional, requests for additional information and send it. Once that review was completed, the housing

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2 assistant would be required to get up, walk over
3 the file to their supervisor and drop it in the
4 supervisor's in-box, the supervisor would be
5 responsible for reviewing, and if the supervisor
6 found that it was incomplete, kick it back to the
7 housing assistant. Assuming that all was complete
8 there, then you had the quality assurance manager
9 that would do a sampling of those files, and again
10 if the quality assurance manager found that there
11 were errors, they would kick it back. Assuming
12 all was complete, then the file was given to a
13 clerical to type up a voucher change notice, which
14 essentially is a notification that both the
15 landlord and the tenant receive, informing them of
16 the new contract rent, and what the distribution
17 is between what's the responsibility of the tenant
18 and what is the responsibility of NYCHA. I should
19 note that the tenant had then, and still does
20 have, the opportunity at any time at the time to
21 either mail it in or walk it in to any of our
22 borough offices. Once that voucher change notice
23 was sent, again it went back to the tenant, that
24 would complete the process and of course we would
25 then provide all those files for clericals, the

1 poor guy over here, essentially to file and what
2 was even more inefficient of this process is, if a
3 family sought a transfer to another borough, we
4 would have to package all that file and send it
5 interoffice mail to another borough, to be
6 received, signed in, so there was a lot of
7 basically file movements across with a tremendous
8 opportunity to misplace files and delay the
9 process. If I may, on the right-hand side now,
10 starting from February, 2011, our new system has a
11 family profile that has all the information of the
12 family's address, last annual recertification
13 information, and instead of having clericals stuff
14 envelopes, the system generates the affidavit of
15 income automatically five and a half months in
16 advance, it looks at when the last recertification
17 was done and essentially determines and identifies
18 the next batch of annual review packets that have
19 to be mailed out. The tenant of record receives
20 it, as before, and would ... it's important to note
21 here that the difference between what we had here
22 and today, what is an important feature of our new
23 technology, is that our forms have a bar code on
24 it that carries the very important information
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1 about the family. It contains information about
2 the tenant, the tenant's voucher number, it
3 contains information about the landlord, who the
4 landlord is, and it contains information about
5 specifically what the form is. It identifies the
6 form, because we have many forms that go out.
7 That information is embedded in the bar code, and
8 so when it is sent back to us by the family, it is
9 received at one of our P.O. boxes that is
10 specifically designated at our Long Island City
11 location, our imaging center, where staff is there
12 with the appropriate equipment and resources to
13 scan that in. They essentially scan it in, and
14 once the ... we go through a process of insuring
15 data integrity and verification, those files, that
16 application, that annual review packet is then now
17 available seamlessly, without having to transfer
18 paperwork, at the desktop for a housing assistant
19 to then begin to work on it. It is automatically
20 ... the system automatically assigns to the next
21 available HA, whereas opposed to here, what was
22 the common occurrence, as there were changes in
23 census in specific zip codes, what would have to
24 happen periodically is, staff would have to stop,

1 because you could have a housing who had an
2 extraordinary amount of work here, and the housing
3 assistant next to them had a very low amount, and
4 at times the workload distribution would get just
5 out of balance, where it would require us to go
6 back, sit down, figure out what the distribution
7 was, and then redistribute the workload. The
8 system now today what it does is automatically
9 assign to the next available housing assistant.
10 They're all trained in how to do it, it's very
11 standardized, they know exactly what to do,
12 there's a series of steps that they have to go
13 through. They essentially check for third party
14 verification information, they review the
15 documents that were received to make sure they're
16 complete, they confirm the family composition
17 information, see if it's changed from the last
18 time we received it, see if the family composition
19 increased or decreased, and then most importantly,
20 they don't ... they're not responsible for doing the
21 manual calculations on their calculators,
22 essentially what they do is there is a calculation
23 button. Once they verify that the information is
24 complete, they'll push the calculation button and
25

1 the system basically all does that automatically.
2 Again, it comes to the housing assistant here,
3 that's another distinction point here is, before,
4 when the housing assistant was required to stop
5 the work, now type up a voucher change notice and
6 send it out, essentially stopping the work they
7 were doing here, what the housing assistant does
8 today is essentially they automatically enter the
9 system generate, request a service request to that
10 family identifying specifically what is needed,
11 and that the system automatically generates that
12 letter and sends it back to the family. When it
13 comes back into the system, again through the bar-
14 coded information, the system recognizes it and
15 again puts it into the queue for the next
16 available housing assistant, as opposed to kicking
17 it back to this housing assistant in the past, who
18 had a considerable amount of workload and was in
19 the process of working on other cases. The system
20 automatically finds the next available housing
21 assistant and provides that information to them.
22 it goes over to the supervisor, assuming it's
23 complete, the supervisor reviews it and can
24 seamlessly kick it back to the housing assistant,
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1 instead of stopping his or her work, they kick it
2 back. So it is automatically queued up into that
3 housing assistant's queue. Once again, if it's ...
4 the process continues, the quality assurance
5 manager would review it, do a sampling of that.
6 Again, it could come back, but as opposed to
7 stopping what you're doing and walking across
8 corridors to other cubicles, you can do that at
9 your desktop, you can essentially send it and
10 continue your work. And the final step is, once
11 the annual review packet is deemed complete,
12 essentially seamlessly again, instead of giving it
13 to a clerical as in the past, it would be, the
14 status would be changed and the system would
15 automatically compute, calculate and mail out a
16 voucher change notice, which would then be sent to
17 the head of household and also the landlord,
18 informing them of the new tenant share
19 distribution.
20

21 CHAIRPERSON MENDEZ: I hope that's
22 not indicative of anything, that it's falling down
23 on you.

24 MR. SERRANO: As you can see from
25 the presentation, the introduction of NICE marked

a significant departure from the outdated system, and there is no question that NICE is in its initial stages where a learning process that required adjustment from all stakeholders, such as implementation came with its own set of challenges. NYCHA has spent the last year working with partners to maximize the positive impact of the new system, and minimize the inconveniences inherent to any broad-scale change in operating procedure. Implementing a business process change and technology deployment capable of managing such a large-scale program required NYCHA to provide comprehensive training to employees. We conducted classroom training for all affected employees prior to implementation, and held multiple refresher training sessions during the implementation of NICE. In addition, NYCHA made sure that subject matter experts in each department were available to handle day-to-day issues during implementation. NYCHA also communicated impending changes to a broad group of stakeholders in preparation for NICE's implementation. NYCHA reached out to voucher holders, landlords, elected leaders and union

officials through a variety of avenues, including letters, tailored mailings, flyers, handbills, recorded messages, meetings and the NYCHA website. By January, 2011, NYCHA insured that the city's 311 system would direct all Section 8 participants with questions to the NYCHA website, where comprehensive information was updated and posted. NYCHA has also made presentations on the implementation of NICE to unions if they desired, and sent letters to elected leaders explaining the changes, outlining NICE's benefits, and alerting them of possible challenges. NICE also used a variety of means to communicate changes resulting from the implementation of NICE to Section 8 participants. Beginning in January, NYCHA informed participants of the technology upgrades, and of possible longer wait times with voice recordings through the customer contact center, on posters and handouts in all CCC locations, in scripted greetings at NYCHA walk-in centers, and on the NYCHA website. In addition, NYCHA included a message alerting landlords to the changes, and asking them to call the customer contact center, otherwise referred to as CCC, for additional

1 information in both the December, 2010 and
2 January, 2011 Residents' Voices. As is the case
3 with any systematic change on the scale of NICE,
4 we anticipated there would be administrative
5 challenges to NYCHA staff, participating landlords
6 and voucher holders, as stakeholders became
7 accustomed to the system in the months following
8 roll-out. However, at every stage of the
9 implementation of NICE, NYCHA took necessary steps
10 to insure that residents would not be unfairly
11 impacted as a result of changes. We provided
12 greater flexibility and multiple opportunities for
13 residents to return paperwork, and set up a
14 hotline for residents to make appointments to
15 bring documents in and submit them in person. We
16 also made an administrative decision to not
17 terminate any voucher holder for failure to
18 recertify. In October, 2011, NYCHA began sending
19 notices to voucher holders that the termination
20 process would begin if they did not send in
21 required paperwork. As the termination process
22 commences for the first time since the
23 implementation of NICE, NYCHA has agreed to
24 manually review each case we have determined non-
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1
2 compliant. To date, no voucher holder has been
3 terminated for failure to recertify as a result of
4 the implementation of NICE. We also worked
5 throughout rollout to resolve landlord issues as
6 they came up. For example, we have heard
7 complaints from some landlords about increased
8 housing quality standard violations, otherwise
9 referred to as HQS violations. While the great
10 majority of participating landlords are in
11 compliance with HUD regulations, NYCHA is
12 committed to working with all landlords who have
13 been deemed not in compliance to verify that all
14 necessary repairs have been made as quickly as
15 possible. It is in nobody's best interests to see
16 subsidies suspended or to go above and beyond HUD
17 regulations for citing violations. Not only does
18 this cause problems for landlords and residents
19 alike, it also creates additional work for NYCHA
20 staff. Any change comes with challenges, and
21 NYCHA has worked diligently with residents,
22 landlords and members of the community to address
23 issues and keep the Section 8 Program moving
24 forward. Over the last year we have met
25 extensively with landlord groups, Federal, state

1 and local officials, members of the City Council,
2 the public advocate and others to hear their
3 concerns, and insure that steps were taken to
4 address them. For example, in response to
5 landlord concerns about lack of information on
6 NYCHA's website, we have posted comprehensive
7 communication materials on annual re-examinations,
8 the recertifications, as we refer to it here,
9 lease renewals, inspections and transfers. We
10 have also added a dedicated window at our walk-in
11 centers exclusively for landlords and modified
12 existing documents, including the voucher change
13 notice, to include updated information for
14 landlords. We have also expanded our landlord
15 extranet, for which landlords participating in the
16 Section 8 Program have the option of registering
17 online. The extranet is a web-based self-service
18 (inaudible) that allows landlords to receive
19 direct access to their apartment or building
20 inspection results within 24 hours, generate lease
21 renewal request forms for their Section 8 tenants,
22 and enter change of mailing address directly
23 online. Landlords can also view their payment
24 history and sign up for direct deposit at no
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1 charge. NYCHA continues to make technological
2 enhancements to the extranet and encourages all
3 landlords to register for this free service to
4 assist with managing their Section 8 portfolio
5 more efficiently. To date, 4,447 landlords have
6 registered. NYCHA is committed to improving
7 service to the families who depend on Section 8
8 and the landlords who partner with the Authority
9 to provide this vital housing resource.
10

11 Throughout this period of transition, and while
12 grappling with serious cuts to our administrative
13 budget, NYCHA continues to successfully manage the
14 nation's largest Section 8 Program, and provide
15 on-time payments to participating landlords. We
16 will continue to seek new tools to bring even
17 greater efficiency to the system, and mitigate the
18 impact of Federal under-funding. We look forward
19 to working with you in strengthening the Section 8
20 Program to even better serve the 250,000 New
21 Yorkers who depend on it. Thank you and we
22 welcome any questions you may have at this point.

23 CHAIRPERSON MENDEZ: Thank you.

24 Where or when and who determined that this process
25 was inefficient, and decided to go to the more

efficient or modern technology-based process?

MS. RIAZI: The decision -- again, this is Atefeh Riazi, Acting General Manager of NYCHA -- the decision to modernize the system was made about five years ago. It was part of our initiative to modernize the work-ticketing systems, the ATAD, which is application processing for public housing, and the Section 8 Program. We saw five years ago that we are ... that we would expect a major shortfall in terms of the funding for the various programs. We had experience, as we indicated in our testimony, and as Carlos indicated during his discussion on the board, errors, inefficiency in the process, so we had long wait times, we had lots of customer complaints, and it was important to both streamline the operations so that we can continue to support the 94,000 vouchers at much less funding which was available for administrative support, and we keep up the same level of support to our stakeholders, such as landlords, tenants and comply with rules and regulations that we are mandated by through HUD.

CHAIRPERSON MENDEZ: As you

1 indicated in the testimony, with any new system
2 you anticipate there's going to be some glitches,
3 so has it been greater than what you first
4 anticipated? And have you been able, if so, have
5 you been able to determine why?
6

7 MS. RIAZI: That's a great
8 question. So let me just first say, I spent 16
9 years at the New York City Transit deploying the
10 Metro card project, and over the last 28 years,
11 deploying technology, technology and
12 transformation, is destructive, is destructive to
13 the processes, the people, and system. We ... this
14 is a very complex system, it's got a lot of rules
15 and regulations, it impacts lots of people. So we
16 expected to have a learning curve and we deployed
17 the expense for the learning curve, we added
18 additional resources, we made sure that we were
19 flexible with our policies and procedures, to make
20 sure that we have minimum impact on our
21 stakeholders, have without taking that on we would
22 be sitting here today with 100 less people, and
23 with a system which is antiquated, inefficient and
24 doesn't support the stakeholders. So it was a
25 critical decision to make, we planned accordingly,

1 and we expected to have a learning curve early on
2 and we planned for the learning curve and the
3 issues that could come up. And it is normal for a
4 system this large, a system this complex, that is
5 going through a transformation, to expect some
6 learning curves early on, and I've experienced in
7 my career through any system deployments you would
8 experience this.
9

10 CHAIRPERSON MENDEZ: How many
11 trainings or how many, you know, pseudo-applicants
12 were put through the process before the system
13 went live?

14 MS. RIAZI: Before the system went
15 live, we put through thousands and thousands of
16 cases. We have a phase called "user access and
17 testing", and we put in ... we mimic what an
18 applicant will go through, and through
19 comprehensive testing, either the testers, which
20 are individual people sitting behind a computer,
21 logging in, or through automated tools, you mimic
22 transacting in different modes. So comprehensive
23 testing was done on the system, and we have
24 hundreds of work flows, so all the work flows had
25 to be tested A to Z for us to sign off on the

1 system for it to go live.

2 CHAIRPERSON MENDEZ: And you did
3 this with consultants, consultants were hired?

4 MS. RIAZI: We had ... we had a
5 consultant to help us complement internal staff,
6 however we had about 60 people, both through the
7 technology department and the business who focused
8 on development, integration and testing.
9

10 CHAIRPERSON MENDEZ: And who
11 provided these consultant services, and how much
12 did NYCHA pay for it?

13 MS. RIAZI: IBM was the vendor who
14 provided the implementation and integration, and
15 we paid \$18 million. And I must note that we
16 would use hundred head counts, so when you look at
17 business transformation and technology investment,
18 the result of the implementation was for us to
19 keep up with the program, with 100 less people, so
20 return on investment on that was about two years
21 to two and a half years.

22 CHAIRPERSON MENDEZ: I'm going to
23 just ask you one more question, and show you where
24 I've been receiving complaints from, and then I'll
25 turn it over to my colleagues for some questions.

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MR. SERRANO: I can address ... can everyone hear me? Can you hear me now? Can you hear me? Chairman, the first point you referenced was the communication between ... or the transmission of the affidavit of income, I just

1 want to make sure I repeat and make sure I heard
2 clearly, from the point where the head of
3 household sent back the affidavit of income to our
4 imaging center, correct, and that's where you
5 heard some pain points. I have to tell you, as
6 mentioned in our testimony, change has been
7 difficult, it's been a challenge for everyone,
8 acclimating to the new system, but I can tell you
9 specifically what you're referring to here is, as
10 I referred to earlier in my presentation, the
11 annual recertification process starts
12 approximately five and a half months in advance of
13 the anniversary date, since the family's last
14 recertification. What we were experiencing very
15 early on in the process was that we had sent
16 affidavits of income that were old, no bar code on
17 them. So our technology was ... so we were getting
18 a lot of those early on at the beginning of the
19 year, where the process started back in 2010. So
20 we were getting a lot of those that were coming
21 in, and our imaging system, again, relies on the
22 bar code information, and so what was happening
23 unfortunately early on in the process is that a
24 lot of those were coming in, being scanned in, and
25

1 the system could not recognize or associate those
2 to a case. So we did have a backlog of scanning,
3 it was coming into the system as it was in the
4 system, but it required a lot of manual
5 intervention to associate those to a case, so that
6 then the system can continue to put them on to the
7 housing assistance. So that is what you heard, I
8 believe it is what you heard last year. I have to
9 tell you, and I'm pleased to report, that we've
10 put resources on that, we've associated all those
11 cases, we had considerable backlogs, to date that
12 process is being completed within 48 hours. And
13 we have ... and we monitor it daily, and we're not
14 experiencing that, primarily because a lot of
15 those have shaken out of the system, a lot of
16 what's coming back to us now are those self-
17 addressed paid envelopes that have that
18 information, and are coming back, and it is
19 working the way it was planned. Unfortunately, in
20 transitioning from an old system to a new system,
21 and that's what was happening early on here.
22 Regarding your second point, regarding the, I
23 guess the additional information, is that correct?
24 So what information was being sent out to a
25

1 family, there was no information on there
2 regarding ... nothing about the case, correct?

3 CHAIRPERSON MENDEZ: Well, what I'm
4 being told is that they're saying documentation,
5 the letters, the standard form that's generated
6 and saying documentation is missing, but then the
7 boxes of what's missing is not marked off, so the
8 tenant does not know what documents they need to
9 provide.
10

11 MR. SERRANO: Yes, so we did have
12 some of those, and we did spot some of those. And
13 that's not happening any more. If you have
14 specific cases that are coming to your attention
15 on that, I would certainly be, you know, glad to
16 review those, but that is not happening any more.

17 CHAIRPERSON MENDEZ: Okay, so I
18 will find out later in public testimony, and I
19 will go back to some individuals and try to get
20 back to you and find out when in time that was
21 happening. I'm just going to ask one more quick
22 question, and then I'm going to turn it over to
23 Margaret Chin who had questions, we've been joined
24 by Council Member Dan Halloran from Queens, we've
25 been joined by Council Member Brad Lander from

1
2 Brooklyn, and Melissa Mark-Viverito was here
3 before, and I hope she will come back. So on the
4 \$18 million that was given to IBM, did that money
5 also include the Sybil system?

6 MS. RIAZI: SIEBEL.

7 CHAIRPERSON MENDEZ: SIEBEL.

8 MS. RIAZI: So let me clarify the
9 \$18 million was the total cost spent on the
10 system. Not all of it went to IBM, because we had
11 to get a good deal of infrastructure in place.
12 Now SIEBEL system is a system we use for Section
13 8, it's the same as G11, and it's the application
14 used, it's critical and it's a well-known
15 application used for customer relationship
16 management, CRM, it's used for call centers, it's
17 used for work flows, so it's a well-known
18 application, and we use it because the city was
19 using it, and it was important that we were able
20 to integrate at some point and share data as
21 needed.

22 CHAIRPERSON MENDEZ: Okay, Council
23 Member Chin.

24 COUNCIL MEMBER CHIN: Thank you,
25 Chair. I just wanted to follow up with ... so you

1
2 spent \$18 million on this program, and you said
3 that you reduced 100 head count, so what happened
4 to these 100 employees? Were they redistributed
5 to other major departments or were they just laid
6 off?

7 MS. RIAZI: Some were redistributed
8 and we had vacancies that were not filled over the
9 couple of years that we doing the deployment.

10 COUNCIL MEMBER CHIN: So how many
11 ended up being laid off?

12 MS. RIAZI: I don't think we had
13 any layoffs, but I can get back to you on that.

14 COUNCIL MEMBER CHIN: Okay, yes,
15 that would be good. So how much ... I guess in
16 terms of money did you save? You know, I guess
17 once the system was implemented, were you able to
18 track the savings?

19 MS. RIAZI: So--

20 COUNCIL MEMBER CHIN: (Interposing)
21 Or was your budget comparatively with the new
22 system and the old system, what's the difference
23 in terms of the amount of budget that you have to
24 allocate?

25 MS. RIAZI: As we indicated

1
2 earlier, our budget today is \$190 million less, we
3 lost \$190 million in the last seven years, so our
4 budget has reduced drastically, and what we have
5 done is make changes, make efficiency
6 improvements, to continue to serve 94,000 vouchers
7 with the same budget.

8 COUNCIL MEMBER CHIN: So \$190
9 million less is only for this program?

10 MS. RIAZI: The last seven years,
11 yes.

12 COUNCIL MEMBER CHIN: Okay. So
13 you're saying that including ... implementing the
14 system, you are able to do all the work that you
15 needed to do with less, with bottom line money
16 less.

17 MS. RIAZI: We are continuing to
18 support our voucher holders and the landlords with
19 a lot less money, it is very difficult, and it is
20 really putting stress on the system.

21 COUNCIL MEMBER CHIN: I really will
22 be direct with you, exactly what is the
23 difference, or what is the amount of money that
24 you have to cut back so that, so that we have the
25 opportunity to fight for funding, so that we know

3 MS. RIAZI: I'm going to ask Carlos
4 to give you the details around that administrative
5 cost.

MR. SERRANO: Thank you. Since 2005, in our testimony we mentioned that the Leased Housing Department has sustained \$178 million worth both in cuts and under-funding. It's important to note from an under-funding perspective, I will talk to that in a minute, well, I'll talk about that now. Since 2005, the Housing Authority has, even under HUD's formula, been eligible for much more funding than unfortunately what we've received, as a result of insufficient congressional appropriations. HUD currently has a formula that from an ... the Section 8 Program essentially gets two ... it's funded by the Federal government and gets two funding streams. We get funding for the subsidies that we provide to pay for rents, our portion share of the rent, and we get a fee, an administrative fee, that's based on the number of vouchers that we have on our program. We have, since 2005, been underfunded by \$87 million, \$51 million associated

1 with subsidies and \$36 million associated with the
2 administrative fee. So clearly we could do a lot
3 more with \$36 million, despite HUD saying we have
4 to ... this is the formula that we're going to
5 determine to fund you with, unfortunately we're
6 getting, we've been getting less than, you know,
7 if they're saying "You're eligible for a dollar",
8 we've been getting less than a dollar. So
9 certainly we could do much more with \$36 million.
10 The other portion of the cuts that we referred to
11 in our testimony is in fact the funding that we
12 receive from the Federal government specifically
13 for subsidies, we've been cut over two years \$91
14 million, so that certainly creates an imbalance
15 for us, including the number of authorized
16 vouchers that the Federal government wants us to
17 issue and has authorized us to issue, but yet the
18 funding that was provided for that was recaptured
19 in 2008 and 2009.

21 COUNCIL MEMBER CHIN: Because right
22 now you oversee, you said 94,000 vouchers?

23 MR. SERRANO: That's correct.

24 COUNCIL MEMBER CHIN: So do you
25 anticipate any decrease or increase? Or are you

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going to maintain the same level?

MR. SERRANO: At this point 94,000 are the families, the number of families and vouchers that we currently have participating in the program. It is our objective to maintain and preserve that number before we begin adding additional, or issuing new vouchers prospectively.

COUNCIL MEMBER CHIN: Well, are you looking at that you might need to cut the number of vouchers? Are you anticipating cuts?

MS. RIAZI: So the cost of the vouchers are going up every year, and as the cost of the vouchers goes up, as Carlos mentioned, it's a dollar threshold, we cannot exceed the dollar threshold, so you may have 94,000 vouchers, but you may have money for only 92,000 vouchers. So as the price of the vouchers goes up, then our ability to fund the vouchers diminishes. Therefore, as we get further cuts, and if we get further cuts, and as the price of the vouchers goes, the number of vouchers will get impacted.

COUNCIL MEMBER CHIN: Okay. One more question in terms of the process. Are all the forms that are generated now translated, are

1
2 they in different languages when the residents get
3 the packets?

4 MS. RIAZI: The instructions.

5 MR. SERRANO: Our forms are
6 provided both in English and Spanish.

7 COUNCIL MEMBER CHIN: So what about
8 if a resident needs it in other languages?

9 MS. RIAZI: Could I comment to
10 that?

11 COUNCIL MEMBER CHIN: Yes.

12 MS. RIAZI: First of all, we do
13 have a language bank at our call center, which
14 supports many languages. One of our largest
15 attempts with this system was phase three of the
16 system, when we are online, we want to provide the
17 instructions and the forms in many languages.
18 Right now we have it in English and Spanish, but
19 as we go forward, you will see that a lot of these
20 forms would be available online, the tenants will
21 have transparency to their files, they will have
22 access, they can take it in any language, they can
23 submit it online, so it's something that is in our
24 plan, and it would probably happen next year, but
25 right now we are providing it in English and

1
2 Spanish, and we are open to calls and respond to
3 calls in any language at our call center to
4 support the tenants filling them out, and when
5 they are coming to the walk-in center, we have
6 people with many languages that can support them
7 and fill them out.

8 COUNCIL MEMBER CHIN: But what
9 about just, you know, in the mailing itself to
10 have some information in the major different
11 languages so these people know that if they have
12 questions, they ... there's a number for them to
13 call, or they can walk into an office, some just
14 simple, you know, a couple of sentences in
15 different languages. I mean, we do that, the
16 government does that on many different forms, so
17 this way if someone is not that comfortable with
18 English, at least they'll know that there is a
19 place that they can go and get help.

20 MS. RIAZI: We can definitely look
21 into that, we will look into that and get back to
22 you.

23 COUNCIL MEMBER CHIN: Thank you.
24 Thank you, Chair.

25 CHAIRPERSON MENDEZ: Thank you.

Council Member Dilan, followed by Council Member Mark-Viverito, and then Council Member Lander.

COUNCIL MEMBER DILAN: Thank you, Madam Chair, and I'll be brief. And I just want to have my questions focused around the levels of service that the Section 8 Program has received, both before and after implementation of the NICE program. Recently in my office, and I'm sure my colleagues are also hearing it as well in their offices, the amount of complaints we get around problems for the recertifications, payments to owners, and lack of service to Section 8 recipients, from my perspective has gone up. And I certainly hear that your move towards automation, and you spent \$18 million towards a system that we hope will work and be streamlined in the future, and currently has some kinks, and I get that that happens whenever you switch to automation. I certainly hear that your budgets are under duress, and since it's been my experience that whenever we've had discussions about NYCHA and its budget, NYCHA's budget has been consistently under duress. But it appears to me, at least from my perspective, that under the

1 old system, which was before NICE, which had 100
2 more humans involved in the process, at least from
3 my perspective, the levels of service to me
4 appeared to be better, so I want to hear from you
5 how you expect NICE, after you get the kinks
6 worked out, to be better from service levels,
7 because we often hear from tenants that when they
8 have an issue, they have a problem finding a
9 person that they can call to get this addressed.
10 They often come to our offices as a last resort,
11 because they have nowhere else to go. We hear
12 from owners that payments are delayed and
13 applications are rejected and inspections are
14 rejected for minor details and minor mistakes on
15 applications, and it leads to a longer process and
16 a longer time, where payments are processed by
17 owners, therefore putting tenants at risk for
18 being evicted for non-payment. So I think the
19 level of service is my main concern, and I'd like
20 to hear what your problems, what your concerns
21 are, what the kinks are, and how we can work those
22 out so that the end users on both sides, whether
23 tenant or landlord, can get some direct service to
24 NYCHA and help solve these problems.
25

1
2 MS. RIAZI: So thank you for
3 sharing that feedback with us. First of all, as
4 we indicated, we had 100 less people, you will
5 have some impact. However, we have tried to
6 mitigate the impact through automation and
7 streamlining. For example, if you look at our
8 inspections, we do over 120,000 inspections per
9 year, with 44 inspectors, that's 22 per inspector
10 (sic). So try to go to 20 locations in the five
11 boroughs in one day.

12 COUNCIL MEMBER DILAN: Well, how
13 does that differ before NICE and after NICE, how
14 does that differ?

15 MS. RIAZI: It's ... so the numbers
16 have reduced, that's one. Secondly, before NICE
17 we were not all the time in compliance with the
18 rules and regulations around inspections. We are
19 very strict, and the system is very strict, around
20 inspections and regulations. So we are complying
21 with the rules that we have to comply with around
22 the buildings and unit inspections, and suspending
23 a unit causes a lot of work for us, so we really
24 do not like to suspend units, but it is our duty
25 to make sure that there are no hazardous

1 conditions, as we inspect these buildings and
2 these units, that the voucher holders and tenants
3 live in safe conditions. And it is the
4 responsibility of the landlord to make sure those
5 corrections are made, it's also the responsibility
6 of the tenant to open the door so that when we go
7 for an inspection, we can do our jobs. When we
8 have 20%, 30% tenant not home, when we have cases
9 where we find incidents when they're not repaired
10 as quickly, then those create--

12 COUNCIL MEMBER DILAN:

13 (Interposing) Okay, could I say something? I get
14 all those things, but I think the 20% tenant not
15 home would have been the same before or after
16 NICE. I don't think NICE is going to improve
17 tenants being at home for your inspections, and I
18 get that that is a challenge on your personnel,
19 and should be a challenge on personnel, and if
20 certain ... if there's a user out there that wants
21 to receive the voucher and have it flowing, they
22 should be home to receive the inspections, to make
23 things flow smoother on your end, and on the
24 owner's end. But I guess to go back to the
25 question, is what improvements and what

1
2 enhancements do you expect NICE to receive in
3 letting the timelines for recertification, to the
4 actual payment to the owner, how do you expect to
5 streamline these timelines so that the service
6 levels can go on a quicker pace than the longer
7 delays that we're experiencing? Because from just
8 my general experience, and I don't have the day-
9 to-day experience of doing this that you have, my
10 general experience is that ... my general sense is
11 that the service levels to both tenants and owners
12 were better before the NICE system, and certainly
13 I'm not adverse to technology. I think when it
14 works right, it can streamline things, but
15 apparently we're not there yet, so just explain
16 the challenges and the goals and what you expect
17 to receive and how you envision this working
18 properly. And I'm not saying it's perfect, and
19 it's not going to be perfect, the old system
20 clearly wasn't perfect, and you're trying, but
21 there's kinks, and they're real-world kinks and
22 they're affecting people every day.

23 MR. SERRANO: Thank you for the
24 question, it's a fair question. Certainly change
25 has been very difficult. Since my appointment

1 back in June, you know, it's been a struggle, I
2 think, for all, and we mentioned ... part of our
3 testimony we did mention that, you know, it
4 requires adjustment from all. A fair question,
5 where are we going. Communications and training,
6 very, very important for us, and I want to just
7 point out one other thing, under the old process
8 we did not have visibility, we in management did
9 not have visibility into specific cases.
10 Essentially we had to call and find out what the
11 story was. One of the interesting and very
12 dynamic features that we have in the new system is
13 we can do quality assurance and performance
14 management remotely, and we've actually
15 implemented that, we're developing that
16 capability. When I started back in June, I
17 created a division, Quality Assurance Performance
18 Management, and we have actually started doing
19 quality assurance through mock audits, looking at
20 exactly what's happening to a case. Every case
21 has a story, and the truth is somewhere in the
22 middle. I certainly realize that in my 11 months
23 there. So communication is very, very important.
24 I think getting out the word of how we've changed,
25

1 we can do a better job. We've done a lot of work
2 putting out information packets on our website,
3 you know, and getting feedback and actually coming
4 back, and we have a tremendous and wonderful
5 platform that we can make changes very, very
6 quickly on. Before we had an old antiquated
7 system, we basically just put information in,
8 everything was done off-line and the results were
9 in the system, you had no audit capability for
10 that. So communications, better training for our
11 staff, the communication hub for us is our
12 customer contact center. Tenants, landlords can
13 actually go to ... can either call the customer
14 contact center number, 718-707-7771, it's on our
15 website, I may have had one 7 in there that I
16 should have ... or they can actually come into one
17 of our walk-in centers, which we have three, one
18 on Fordham Road, 1 Fordham Plaza, 787 Atlantic
19 Avenue and then we have a location that's on
20 Central Blvd. in Queens. We have a very robust
21 quality assurance program under the customer
22 contact center, we actually record all our calls.
23 So when we get a complaint, that information is
24 not being provided that we know in fact is there,
25

1
2 it allows us to pinpoint exactly where it is that
3 we need to do better refresher training and
4 targeted specific training. That's something
5 that's ongoing right now, and that's something
6 that quite frankly we need to ... before we
7 basically there would be a he-said, she-said type
8 of thing, and it's not very, very productive. So
9 assuming we can do better on communication and
10 training of staff, accountability, as I mentioned
11 under our quality assurance and performance
12 management program, that's producing tremendous
13 results. Specifically on the annual
14 recertification process, we have performed mock
15 audits to make sure that we are in compliance, and
16 we review exactly what staff is doing to insure
17 we're in compliance with Federal regulations, and
18 also with existing policies and procedures. And
19 we've identified some issues, quite interestingly,
20 although we launched it last year, we found that
21 some of the inconsistencies across staff's
22 performance in doing annual recertifications, was
23 because of the prior year, the old system. We saw
24 a lot of ... we found a lot of areas for
25 improvement, but we realize that a lot of those

1 began in 2010.

2 COUNCIL MEMBER DILAN: Okay, I--

3 MR. SERRANO: (Interposing) And we
4 realize that the system would prevent those from
5 happening, but nevertheless we created a training,
6 a targeted training for annual recertification
7 staff, to go back, see what we found, provide
8 targeted training. Those are the kinds of things
9 that we have to do, to better serve and improve
10 service levels.
11

12 COUNCIL MEMBER DILAN: I would just
13 end by saying, you know, just from my experience
14 that I see in my office and what I hear from
15 colleagues, I would hope and sincerely hope that
16 the agency, one, focuses on streamlining the
17 technology and make it better, and I believe your
18 focus is on that, I don't doubt that, but, two,
19 focus on the level of service, because I hear many
20 complaints on both sides, the tenant and the
21 ownership side, that the new program is a little
22 bit more burdensome to navigate, because of just ...
23 they get items rejected, there's very little
24 explanation as to why it's rejected, and they
25 can't find a human person to contact, and it's

1 very tough to talk back to a piece of technology.
2 I don't mind government being more efficient and
3 having technology be the impetus for that
4 efficiency, but in this case it sounds like there
5 were 100 employees that thankfully still have
6 their jobs, so that means they're moving on to
7 other functions, so the agency is not really
8 saving any money in this regard, they may be using
9 those employees to enhance levels of service in
10 other areas that NYCHA provides service to, and
11 that's okay, but for this clientele, on both
12 sides, the loss of 100 bodies that will help
13 service this program, I think the reflection of
14 the loss of that personnel is being shown with the
15 frustration. So I'll end there, and I'll just ask
16 one final question, maybe you have the number,
17 maybe you don't, but what was the cost of the 100
18 employees generally that were used under the old
19 system? What was their budget line total?

21 MR. SERRANO: The 100 heads were
22 primarily in a housing assistant title, and some
23 clerical positions. A fully-loaded salary for a
24 housing assistant is approximately \$83,000, base
25 salary plus fringes. And our clericals is--

MS. RIAZI: (Interposing) 35.

MR. SERRANO: \$35,000, that's not fully-loaded. So essentially the savings on an annualized basis is approximately \$7 to \$8 million a year.

COUNCIL MEMBER DILAN: Okay, and the contract with IBM is ... IBM and others, is a short-term contract, that's obviously a number that you don't expect to pay year-in and year-out?

MS. RIAZI: That contract ended when the system was deployed.

COUNCIL MEMBER DILAN: All right, so if there's any money that has to be paid out for contractual services, it would be for maintenance and preventive maintenance only?

MS. RIAZI: That's correct.

COUNCIL MEMBER DILAN: Okay, which would be significantly less than \$18 million, I would assume?

MS. RIAZI: Absolutely, you generally pay maintenance on licenses, and we get the licenses to do it, so the licenses are not as high.

COUNCIL MEMBER DILAN: Okay, thank

1
2 you very much. Thank you very much, Madam Chair.

3 CHAIRPERSON MENDEZ: We've been
4 joined by Council Member Maria del Carman Arroyo
5 from the Bronx, and Council Member Jimmy Van
6 Bramer from Queens, and Council Member Melissa
7 Mark-Viverito.

8 COUNCIL MEMBER MARK-VIVERITO:
9 Thank you, Madam Chair. I just want to just go
10 back to something that you mentioned, because it's
11 a little bit alarming, since we know very well
12 where we stand with this Congress, and how hostile
13 it is to the poor in this country. I believe very
14 strongly they've waged a full-fledged war against
15 the poor. So understanding that we have right now
16 a fixed amount of money for these Section 8
17 vouchers, but as the cost increases, of the
18 voucher, obviously you have to stay within the
19 threshold you have. Are you factoring in, or do
20 you see any ... I'm sure the answer will be no, but
21 are we projecting any type of increase to the
22 amount of money that we're getting for the Section
23 8 vouchers? For instance, what has been the
24 shift, the change in the number in the past two,
25 three years? Can you give that off-hand, or you

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don't have that?

MS. RIAZI: So while Carlos is looking for the numbers, I have to say that we expect further reductions the next two years on the administrative fees. But your question is about the voucher dollars, right, is that right?

COUNCIL MEMBER MARK-VIVERITO:
Right, because I guess the reason I'm asking that.

MS. RIAZI: Yes.

COUNCIL MEMBER MARK-VIVERITO:
Specifically, you know, what is the level of planning that goes into it? Because if you're going to have to reduce the number of vouchers, you're talking about families that are going to be removed from Section 8. So what is the level of planning to communicate that, to get that out, and what is the thinking that you're putting into that? How do you go about making those decisions, and how do you determine who comes off the Section 8? You know, that's ... those are difficult decisions. But I would like to know the process.

MS. RIAZI: Absolutely, absolutely.

MR. SERRANO: It's a very good question, and I think it goes to the heart of the

1
2 MR. SERRANO: Just HUD subsidies,
3 correct.

4 COUNCIL MEMBER MARK-VIVERITO:
5 Because I know that also happens, those shortfalls
6 happen on the general, you know.

7 MR. SERRANO: That's correct.

8 COUNCIL MEMBER MARK-VIVERITO: For
9 NYCHA too.

10 MR. SERRANO: And so while
11 nationally what's being pitched is that the amount
12 of funds appropriated for contract renewals, which
13 is essentially subsidies, has been increased, for
14 instance, from 2011 to 2012 that was, I believe,
15 3%, I can get you the exact figure, so it is
16 increasing, but it's insufficient, and so we have
17 continued to lose funding, funding that we're
18 eligible for, and so I always wait for the number.
19 I hear that it's wonderful and we're going to get
20 100%, the fact of the matter is, at least since
21 2008 we have not received 100% of what we are
22 eligible for.

23 COUNCIL MEMBER MARK-VIVERITO: So
24 operating under that reality, you know, what is
25 the level of ... what are you projecting are going

1
2 to be the number of vouchers that we're going to
3 have to shed?

4 MR. SERRANO: So an important
5 component to that is how much we have in our
6 reserves.

7 COUNCIL MEMBER MARK-VIVERITO:
8 Okay.

9 MR. SERRANO: Okay, and yet there
10 we're also under attack. Between ... in two years,
11 2008 and 2009, we ... HUD recaptured \$91 million.
12 So we have a funding formula that says we're
13 eligible for a dollar, we get 90 cents on the
14 dollar and the mechanism that housing authorities
15 have to make up the difference is on the reserves.
16 So we are working with very ... as a result of that
17 recapture of \$91 million, our reserves are less
18 than a month's worth of reserves, for a billion
19 dollar program. And so from my perspective, my
20 responsibility is to protect those 94,000
21 families, and insure that I can strike a balance
22 between what I'm getting from the Federal
23 government and try to manage my reserves very
24 closely to make up the difference. But at some
25 point, if this trend continues, we are not going

1
2 to have sufficient funding to even support the
3 94,000 vouchers.

4 COUNCIL MEMBER MARK-VIVERITO:

5 Right. And Madam Chair, I know I do have some
6 questions on NICE and I know that's what this is
7 about, but I think this is obviously very critical
8 and important, and I'm very concerned, because we
9 had this situation a couple of years ago, where
10 18,000 people, I think, I don't know how many it
11 was, it was 1,800, I'm sorry, 1,800 people that,
12 because of whatever issues we had, did not get
13 Section 8. But, so how ... I appreciate what you're
14 trying to do, but understanding that if things
15 continue, at some point something has to give. So
16 how do you make the decision, how is the decision
17 made as to who does not get a voucher because you
18 no longer can afford it?

19 MS. RIAZI: So every year we have
20 cases where people leave the program, people may
21 be terminated for fraud or various reasons. Those
22 vouchers that are freed up, as we lose funding, we
23 can't give those vouchers to new applicants.

24 COUNCIL MEMBER MARK-VIVERITO:

25 Right.

1
2 MS. RIAZI: So what you're going to
3 see is, as people leave the program, those
4 vouchers would have to just sit on a shelf,
5 because there is no funding to fund those
6 vouchers. That has a minimum impact, but to your
7 point, and that's a really important point, is we
8 have serious problems in the future, and we are
9 actually sitting here asking for your support, to
10 help us make sure this program gets funded.
11 Because it's our duty to protect this program,
12 these vouchers are very precious to us, they're
13 very precious to our voucher holders, and precious
14 to the city. So you're raising such a great
15 question, and I wish I had the answer, we are
16 reaching out to Washington, we are reaching out to
17 our friends and our partners, asking for support
18 and more funding, and I would do the same here in
19 this room, because we need your support and we
20 need the voices of the landlords, the tenants, the
21 City of New York, to fund this program.

22 COUNCIL MEMBER MARK-VIVERITO: No,
23 I mean that's clear, and we are very strong, I
24 know I personally am, but this is obviously very
25 alarming, and I'm very concerned about where we're

1
2 going to be just in the next year, and maybe we
3 can ask more detailed questions about that in the
4 budget hearing. Specifically--

5 CHAIRPERSON MENDEZ: (Interposing)
6 Council Member, if you could just give me one
7 chance. On a yearly basis, more or less, how many
8 people are leaving the program, routinely?

9 MR. SERRANO: So if you go back
10 approximately five, six years ago, we had an
11 attrition rate of approximately 8.5%. Today we're
12 down to approximately between 2.5% to 3%
13 attrition, and that is for a whole host of
14 different reasons, it could be terminations, it
15 could be fraud cases, it could be just, you know,
16 families chose to leave, or grew out of the
17 program, essentially were able to support the
18 contract rent on their own. So, but essentially
19 it has come down from approximately 8.5% to
20 between 2% and 3%.

21 CHAIRPERSON MENDEZ: Thank you.

22 COUNCIL MEMBER MARK-VIVERITO: All
23 right, thank you, Madam Chair. So specifically
24 regarding NICE, because I know that in my
25 district, as has been indicated, you know, we've

1
2 had a lot of concerns, and we were advocating for
3 several tenants in one building, and there were
4 all sorts of problems. So leading up to the
5 challenge and I'll ask, is just in terms of before
6 the roll-out of this new system, was there a pilot
7 initiated? And I know I got here a little later,
8 so I'm not sure, or was this just like a full-
9 fledged overhaul all in one shot?

10 MS. RIAZI: When a system is as
11 large and complex and integrated, the workflow is
12 so integrated that you can't necessarily pilot in
13 production with actual tenants, we did a
14 tremendous amount of pilot without actually
15 piloting actual tenants. So we piloted in the
16 test mode, and in a test environment, but we did
17 not do what you're calling a phased-in approach.
18 We believed it was essential to go live with all
19 of our participants, and all the modules of the
20 system. So there are some systems you could
21 pilot, where you have individual modules, but when
22 you look at our workflows and how integrated these
23 workflows are, doing a pilot was not technically
24 feasible, and it wasn't feasible from a business
25 perspective. So we opted not to do a pilot, but

1
2 we did comprehensive testing prior to going live,
3 to make sure that we minimized the impact, and to
4 make sure that we understand and plan for any
5 issues that could come up.

6 COUNCIL MEMBER MARK-VIVERITO:

7 Well, I mean, that's a challenge that we're ... the
8 reason we're having this hearing is because it
9 doesn't seem like that's happening as quickly in
10 terms of, you know, ironing out the kinks, and
11 really addressing the concerns. You know, in the
12 case of the buildings, there were several
13 buildings, you know, so my understanding in terms
14 of the way that you would do this is that there is
15 a level of communication, obviously, that happens
16 with a tenant, and there's a level of
17 communication that happens with the owner and the
18 landlord, correct? Right, so those are on two
19 separate tracks. Now, in the case of the
20 buildings that we had issues, it was a set of
21 buildings that had been under predatory equity,
22 one owner, and then they got sold, sort of getting
23 sold to different owners. And it looks like that
24 in that transition, your information was not up-
25 to-date, and so you were sending information to

1 the owner, to the old owner, and that address.

2 And then the tenants were suffering, because there
3 was no response coming from the owners, but it was
4 because it was under new ownership. So why would
5 the tenants then get penalized, because it's a
6 fault on your end, but we were getting a lot of
7 pushback from NYCHA that you didn't want to make
8 any sort of concessions, and you didn't want to
9 have any sort of exceptions. So understanding
10 these kinds of challenges, and when you're
11 overhauling a system this large, you've got to
12 give some leeway and not penalize then tenants in
13 the process, for mistakes that you made. So how
14 do you account for that, and what measures have
15 you taken in those cases where it is found that it
16 is not the tenants' fault that you've been lenient
17 and given a little bit of leeway on those cases?

18 MR. SERRANO: Council Member, I'm
19 not familiar with the case that you're referring
20 to.

21 COUNCIL MEMBER MARK-VIVERITO: But
22 I mean, that's hypothetical, right?

23 MR. SERRANO: I understand your
24 question of NYCHA.
25

COUNCIL MEMBER MARK-VIVERITO:

You've got a building that is under new ownership, you are not communicating with the new owner, you're communicating with the old owner, but they're not responding, because they're not the owner any more, and you're not getting the information you need, and then you may decide that you're going to terminate that voucher because of non-response, right? I mean, that's the--

MS. RIAZI: (Interposing) Could I respond? It is the responsibility of the landlord to give us updated information. So if the ownership has changed, and we don't have updated information, then of course we would be reaching out to the old address. Having said that, when we looked at the old system, and as Carlos talked about the old system, data accuracy was a big issue in the old system. With the new system, with an extranet for the landlords, they can go, they can change addresses quickly online, the data is updated immediately. So I want to look at that particular case you're raising and understand the details behind it. However, it is the responsible of the landlord to let us know what their new

1 address is. In addition, the landlord, if we are
2 not making a payment to a landlord because of
3 reasons related to the building violations, they
4 cannot hold the tenants accountable, that is
5 illegal and they cannot harass the tenants, that
6 is an issue they have with us, and this should not
7 be an issue that they have with the tenants.
8

9 COUNCIL MEMBER MARK-VIVERITO:

10 Well, I mean, I know that we've communicated
11 extensively on this case, and I know that the
12 staff that we've interacted with can, you know,
13 would have all the details, but, you know, I'm not
14 sure that I'm convinced by the answer, and I'm not
15 sure if it's the most appropriate, you know, I
16 think there should be some other measure. For a
17 question, also, you know, related to ... in terms of
18 the implementation of this new system is,
19 understanding that HPD has a program and
20 administers vouchers that are a third less than
21 what you administer, but was there any
22 conversation with HPD about how they administer
23 their program, and whether there were any lessons
24 to be learned from the way they handle it? I
25 mean, we haven't gotten the level of criticism ... I

1
2 mean, complaints, I think, I don't think I've
3 gotten the level of complaints with HPD that we've
4 gotten with NYCHA, understanding you're a much
5 bigger system, but are there any lessons learned
6 in terms of the way that they administer the
7 program versus how you administer the program?
8 Was that part of the investigation, like looking
9 at a new system, did you have--

10 MS. RIAZI: (Interposing) HPD, HPD
11 has not migrated to a new system, they actually
12 have had some discussions whether they want to use
13 our system, let me just put that out there. They
14 are great--

15 COUNCIL MEMBER MARK-VIVERITO:
16 (Interposing) You better get ready.

17 MS. RIAZI: So they do a fantastic
18 job in what they do. And we are doing ... we
19 believe we are doing our best to do a good job and
20 provide service to our stakeholders. However, the
21 manage a different program. Their program is
22 mostly project-based, building-specific. The
23 complexity of a system which is project-based, the
24 complexity of a system which is open to open
25 public, is very, very different.

COUNCIL MEMBER MARK-VIVERITO:

That's good.

MR. SERRANO: Council Member, from my perspective obviously, you know, I wasn't here for the planning phase, but certainly there are times where I get suggestions or ideas about how we can improve things, and we have begun a dialogue with HPD, certainly since I've been there, to just really understand how they do things differently from us, and in fact if there is, you know, it makes sense, I don't want to reinvent the wheel, I don't want to come in and say we've got to start all over again. I'm very open to hear how others do it, and if it's applicable to our program, I am very open to making the necessary changes.

COUNCIL MEMBER MARK-VIVERITO: I appreciate your responses, I'm very alarmed about the situation with the Section 8 vouchers and the funding, and that's definitely something we have to continue to advocate strongly, but the only way we do that is by changing Congress, and I'm hoping very strongly people wake up and that we have a new Congress coming in the future that is more

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2 supportive of the working poor and the poor in
3 this country. And so with that, thank you very
4 much, Madam Chair.

5 CHAIRPERSON MENDEZ: Thank you.
6 Council Member Lander.

7 COUNCIL MEMBER LANDER: Thanks very
8 much, Madam Chair, I just want to continue a
9 little bit on the numbers line that Council Member
10 Mark-Viverito was just exploring, just because I'm
11 trying to square a few of the numbers, so I do
12 want to first say thank you for your advocacy, and
13 of course you have our support in DC in every way
14 we possibly can, and I do appreciate the efforts
15 that you guys are making to address the problems
16 in the system that were identified especially in
17 the fall and I'll leave it to others who know that
18 system better to dig in and figure out whether to
19 continue to be places to move forward. But just
20 on the numbers, so I understand it, because I was
21 ... your testimony says 94,400, the fact sheet
22 that's up online today, posted March 12th, says as
23 of January 1st, 92,874, and the briefing materials
24 that were prepared for us that I guess were pulled
25 from a prior fact sheet said 95,807. So can you

1
2 just help me understand, I mean, I guess what it
3 sounds like is the number is continuing to go down
4 because, as attrition takes place, out of anxiety
5 over future funding we're not ... we're not offering
6 them to anyone on the wait list. But can you just
7 give me, I guess those are ... help me to understand
8 the numbers and when maybe those numbers are from
9 and I know something like 1,700 of those are
10 actually outside New York City, because they're
11 portable, so can you just help me to make sure I
12 understand what the numbers are?

13 MR. SERRANO: The number is 94,400.
14 I'm not sure, I think it sounds to me that we
15 have some stale numbers out on our website that we
16 need to sort of remove, quite frankly, but the
17 number is 94,400.

18 COUNCIL MEMBER LANDER: Okay. But
19 so the lower number of 92,874, which is what's on
20 the website now, that doesn't seem like it would
21 have been a prior number, or else ... because we're
22 not going up.

23 MR. SERRANO: Again, I'd have to go
24 back and look at that, I'm not sure where that
25 number is coming from.

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2 COUNCIL MEMBER LANDER: Okay. So
3 then I guess just so ... what, can maybe you give me
4 a couple of the most recent numbers, so that we
5 can understand whether that's a year ago or six
6 months ago, whatever, whenever you have them from,
7 so that we can understand how, you know, what the
8 trend is, how it's coming down, I guess, which is
9 what it sounds like, just ... And I'm not trying to
10 play gotcha here, I'm just trying to understand
11 what the numbers are and what the trend is.

12 MS. RIAZI: Do you want to get back
13 to them on that?

14 MR. SERRANO: Yes.

15 MS. RIAZI: Let us get back to you
16 on that. I mean, we can certainly give you ... give
17 the Council the details, because it is a dynamic
18 number, and it changes based on how much funding
19 you have, how many vouchers are in termination,
20 how many are transferred. So let us get you how
21 we ended up with 94,400.

22 COUNCIL MEMBER LANDER: That would
23 be great, I mean, if then you could just, you
24 know, make that over some time period.

25 MS. RIAZI: Absolutely.

1
2 COUNCIL MEMBER LANDER: So we could
3 see the trend. And the other thing that, again,
4 the fact sheet that's on the website refers to is
5 716 people in the certification process, but it
6 sounds like from what you're saying, we're not
7 certifying anybody new, so I don't ... I'm sorry, I
8 just accessed the web fact sheet that's on the
9 website now, I don't mean to be causing a turmoil.

10 MS. RIAZI: Right, so we didn't
11 certify anyone new, but we do certify, I mean, our
12 waiting list is closed, but then we do have
13 project-based vouchers that we certify people for,
14 so there are different methods and processes that
15 we do go through.

16 COUNCIL MEMBER LANDER: So the
17 94,400 includes project-based vouchers?

18 MS. RIAZI: Our list did include
19 project-vouchers?

20 MR. SERRANO: Yes it does.

21 COUNCIL MEMBER LANDER: Okay, and
22 those are all that HPD has some involvement with,
23 or your--

24 MS. RIAZI: (Interposing) We have
25 our own project-based vouchers.

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2 MR. SERRANO: Under the HUD
3 regulations, a PHA can use their tenant-based
4 vouchers for project-based vouchers.

5 COUNCIL MEMBER LANDER: Right. And
6 I know we've done that a fair amount with HPD, I
7 didn't realize that there was a NYCHA project-
8 based stream separate from sort of what's done in
9 conjunction with HPD developments.

10 MR. SERRANO: There is, and it is
11 included in our 94,000.

12 COUNCIL MEMBER LANDER: So anything
13 that you've done new in the last, let's say, year,
14 any new certifications and new tenants, is it are
15 all to the project-based units? Let me ask a
16 different question, do you know how many new
17 tenants have come in off the Section 8 waiting
18 list into the new rent-ups and units in the past
19 year or six months?

20 MS. RIAZI: So what I hear is
21 mostly VASH, the new tenants that have come in
22 have been getting VASH vouchers. And those are
23 the veterans, vouchers for veterans.

24 COUNCIL MEMBER LANDER: Right.
25 Okay. If you could when you give us these

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2 numbers, just also give us how many new tenants
3 have come into Section 8 over the same time period
4 and in what categories they fell, that would be
5 great. And I just, I guess Council Member Mark-
6 Viverito referred specifically to the households
7 who had had their vouchers terminated back in
8 December of 2009, what I call the 2,600, although
9 I know the numbers were cut different ways, and I
10 know there's an active protocol for them that was
11 part of a deal between you and HPD and those in
12 the administration. Where are we on that list? I
13 mean, have some of them been ... do we know how many
14 of them have been accommodated, how many of them
15 are still active in their waiting lists? I guess
16 I'll just add that to the list of things that it
17 would be great if you could get.

18 MS. RIAZI: We'll get that to you.

19 COUNCIL MEMBER LANDER: Okay. We
20 would appreciate it. Okay, thank you very much.

21 CHAIRPERSON MENDEZ: Council Member
22 Arroyo, and then we have a follow-up question by
23 Council Member Chin.

24 COUNCIL MEMBER ARROYO: Thank you,
25 Madam Chair, good morning. Thank you for your

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2 testimony. I'm going to focus just specifically
3 on this chart behind you. I certainly hope the
4 bottom, the one, two that are left is not stuff
5 going in the garbage at the bottom, right? I
6 can't even tell what that is. Can you explain
7 that?

8 MS. RIAZI: Yes.

9 COUNCIL MEMBER ARROYO: No, no,
10 tell me what it's supposed to represent.

11 MR. SERRANO: Can you hear me?

12 COUNCIL MEMBER ARROYO: No, no, I
13 just ... you can do it from ... you can tell me what
14 it represents.

15 MS. RIAZI: Sit up here.

16 MR. SERRANO: That was ... that's
17 essentially the final step previously in the
18 recertification process, once the annual
19 recertification process was completed--

20 COUNCIL MEMBER ARROYO:
21 (Interposing) Paper went.

22 MR. SERRANO: ... specifically filed.

23 COUNCIL MEMBER ARROYO: Okay.

24 MR. SERRANO: Basically filed.

25 COUNCIL MEMBER ARROYO: Thank you.

1
2 MR. SERRANO: That we would have to
3 file.

4 COUNCIL MEMBER ARROYO: It didn't
5 look like a file. On the program or the
6 initiative, the innovation was launched February,
7 2011, have you tracked the number of
8 recertifications, or certifications, that have
9 problems with it because of a program glitch in
10 the first several months of the initiation of this
11 system, and compared it to how you're doing now,
12 with regards to how many of the certification
13 applications are meeting the same challenges? Not
14 because the tenant didn't respond, because there's
15 a system glitch. I'll reference quality
16 assurance, and I'm assuming ... no, I'm not going to
17 assume.

18 MS. RIAZI: So, we, as Carlos
19 talked about, the biggest issue we had was the
20 scanning program early on. We have recertified
21 all of our tenants last year, so we met the ... HUD
22 has very strict regulations over us in terms of
23 recertifying tenants within a certain time, and
24 something called a synapse score, so we certified
25 all of our tenants, and we continue to certify

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2 them, we are on schedule, we don't have a backlog,
3 we are certifying them correctly, there is no
4 system glitch, and again, going back, when we
5 deployed, what we had was more of a backlog early
6 on, we handled two million pieces of paper for the
7 94,000 tenants, so there is a lot of paper going
8 back and forth between--

9 COUNCIL MEMBER ARROYO:

10 (Interposing) So the backlog is because you just
11 needed to do the actual manual scanning of paper
12 into the system?

13 MS. RIAZI: Yes, the biggest
14 backlog we experienced early on, the first few
15 months, was in the scanning area.

16 COUNCIL MEMBER ARROYO: So what's
17 the cycle of a certification from beginning to
18 end? How long does it take?

19 MR. SERRANO: That process before
20 NICE and today is still ... it begins approximately
21 five and a half months in advance. Since the last
22 time that family recertified.

23 COUNCIL MEMBER ARROYO: Okay, say
24 that again.

25 MR. SERRANO: The annual

recertification process--

COUNCIL MEMBER ARROYO:

(Interposing) The manual system and the current system.

MR. SERRANO: It's still the same, it essentially begins five and a half months prior to the next anniversary date since that family last recertified.

COUNCIL MEMBER ARROYO: Was one of the goals of instituting NICE a reduction in that process time? Is that process time not--

MS. RIAZI: (Interposing) No, the process time is for the convenience of the tenant. Most HA's give the tenants three months to certify, they start three months prior to certification, NYCHA--

COUNCIL MEMBER ARROYO:

(Interposing) You start at five and a half--

MS. RIAZI: (Interposing) ... starts at five and a half months, because you want to give a lot of time to our voucher-holders to get back to us if the information is not complete, we want to make sure we can go back and get it completed, so we give two and a half months more

1 to our voucher-holders to respond.

2 COUNCIL MEMBER ARROYO: So Carlos,
3 your last name I lost somewhere, I--

4 MR. SERRANO: (Interposing)
5 Serrano.

6 COUNCIL MEMBER ARROYO: Mr.
7 Serrano, you referenced quality assurance, and
8 there is one of the images on both charts, is a QA
9 manager. The intent of that step is to accomplish
10 what?
11

12 MR. SERRANO: If I may, this is,
13 this quality assurance manager is essentially the
14 housing manager who is responsible for the group
15 that is performing the annual recertification.
16 What I referred to under the quality assurance
17 performance management is a division that is
18 remotely ... that can actually monitor remotely
19 what's going on here. So before that was the
20 process, where you had housing assistants
21 supervising assistant managers, and then the
22 housing manager. That is still the team that is
23 in place, but what we were not able to do under
24 the old system is monitor what they were doing and
25 track exactly what the progress was, and what the

different stages of an annual recertification.

Since my appointment back in June, I realized that that was a missing component that was very essential for us to have a separate division that is monitoring what is going on, to insure that the team that is out in the respective borough offices are in fact performing at a--

COUNCIL MEMBER ARROYO:

(Interposing) Okay, so the QA manager in this chart right behind you is a remote individual, not part of the team?

MR. SERRANO: No, it's part of the team, the division that I'm talking about is separate and apart, and is actually located at 90 Church Street.

COUNCIL MEMBER ARROYO: Where is that reflected on the chart?

MR. SERRANO: This is out at the boroughs. The division you're talking about is--

COUNCIL MEMBER ARROYO:

(Interposing) But is it part of the overall process?

MR. SERRANO: It is.

COUNCIL MEMBER ARROYO: Okay. So

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MR. SERRANO: Sure, so one of the studies we did perform was referred to as a rental integrity monitoring review, which essentially is something that HUD does with public housing authorities to make sure that payments are being ... rent calculations are being performed correctly. So we actually mimic that in-house to review if we were to be audited, they ... we want to do it remotely ourselves, and insure that the process in fact was ... that the calculations for a family's portion of the rent was being done correctly. We did that last year, and what we found, the lesson that was learned from that, was, what quite interestingly it was right in the middle of our implementation, the files that we found that had some errors in them, essentially it was because of the old system, the old system the way things were calculated the old way. A great percentage of

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2 them where our old system created sort of issues,
3 and what we noticed is that the new system,
4 despite being in the implementation phase, was
5 already showing marked improvements on how we were
6 doing it.

7 COUNCIL MEMBER ARROYO: So the
8 calculation process under the new system is
9 automated also, or--

10 MR. SERRANO: (Interposing) It is
11 automated.

12 COUNCIL MEMBER ARROYO: Automated,
13 so under ... it was human error that was
14 contributing to--

15 MR. SERRANO: (Interposing) There
16 was human error, because every single housing
17 assistant on the left-hand side had their own
18 calculator, and basically were punching in their
19 own rent calculations. Now under the new system
20 essentially we ... the housing assistant really goes
21 through a series of steps, one of the very last
22 steps is once they verify that the income
23 information received has been verified
24 independently, they check that the document is
25 reviewed to make sure that they are complete and

1
2 accurate. Once they make sure all that
3 information is correct, all they do the last step
4 is they essentially just push the calculation
5 button and the system does it for them.

6 COUNCIL MEMBER ARROYO: Have you
7 had to do re-training? Because of this remote
8 quality assurance surveillance that you're doing?

9 MR. SERRANO: Yes, and that's one
10 of the beauties of our quality assurance
11 management division. We had some lessons learned,
12 and then what we did was we put together a
13 training for all recertification teams at the
14 boroughs, we actually met with all of them, and we
15 walked them through our findings and we pointed
16 out to them where, you know, what areas needed
17 improvement, and that was fairly recent, that we
18 had actually did that, right? Yeah. So that is
19 something we want to mimic and continue to do as
20 we see what's happening remotely, we will tailor
21 specific targeted training to those groups, and
22 provide checklists and--

23 COUNCIL MEMBER ARROYO:
24 (Interposing) So you were successful in
25 recertifying all of your families, we should not

1
2 be receiving complaints in the district offices
3 that the recertification process is caught up
4 somewhere within NYCHA and families are concerned
5 or angry, frustrated about what's happening.

6 MS. RIAZI: So let me clarify, we
7 recertify a family when they submit to us all the
8 documents that they are required to submit, and
9 there are cases where we are still waiting for
10 families to submit documents, and in those cases
11 you cannot recertify till they send you the
12 documents. We have given them, Carlos mentioned
13 five and a half months, some families we've given
14 them 12 months to submit the documents so we can
15 certify.

16 COUNCIL MEMBER ARROYO: So is that
17 12 months in advance, or 12 months--

18 MS. RIAZI: (Interposing) Past.

19 COUNCIL MEMBER ARROYO: Doesn't
20 that put you past the recertification deadline?

21 MS. RIAZI: Absolutely. We have
22 gone out of our way to make sure that we give
23 plenty of time, because of the system transition,
24 to some families who have not submitted their
25 documents, to make sure they do. So those that

1
2 have submitted have been certified, there are
3 those that we are working on and we are reaching
4 out and making sure that they submit their
5 documents so that we can certify them.

6 COUNCIL MEMBER ARROYO: Okay. So
7 we could potentially receive complaints that there
8 are delays in the system.

9 MS. RIAZI: There are no delays in
10 the certification process. The certification
11 process--

12 COUNCIL MEMBER ARROYO:
13 (Interposing) Except you give them up to a year
14 post.

15 MS. RIAZI: That's because we are
16 waiting--

17 COUNCIL MEMBER ARROYO:
18 (Interposing) For them.

19 MS. RIAZI: ... for them.

20 COUNCIL MEMBER ARROYO: Okay. So
21 I'm going to ask a favor, and Madam Chair, if you
22 would, it's important for our staff to be well-
23 informed about this process, what are the details
24 that tenants are responsible for, so that as we
25 engage them in trying to help them resolve the

1
2 complaints they come with, that we're not giving
3 them erroneous information. I certainly would
4 like to send my staff to some form of overview of
5 the process, so we can partner with them and you
6 to get them through these steps as quickly as
7 possible. I understand that sometimes we find
8 ourselves in situations we mostly create.

9 However, sometimes that happens because of lack of
10 information or misunderstanding. I don't think
11 people intentionally put themselves in harm's way.

12 MR. SERRANO: Council Member--

13 COUNCIL MEMBER ARROYO:

14 (Interposing) I would like my staff to understand
15 what these steps are, and how we can help move the
16 process along, rather than react and call and
17 complain and I don't like to do that. I don't
18 want my staff caught up in that frustrating
19 situation either, but I certainly would like my
20 staff to go through that process and I'm sure that
21 some of my colleagues would appreciate the same.

22 MR. SERRANO: Council Member, thank
23 you for offering the assistance, and we certainly
24 don't want to put you in that position either. I
25 just wanted to point out that I totally agree with

1
2 everything you just said, and one of the things
3 that we have and would be very happy to brief your
4 staff and walk them through and answer their
5 questions, absolutely, and you know, we're ready
6 to do that. I just wanted to point out that in
7 recognition of that, one of the things that we've
8 done is actually on our website we put out an
9 annual recertification package, this is actually
10 on our website right now, that walks ... it's
11 approximately an eight page PowerPoint
12 presentation that actually walks through, explains
13 our process. Another thing that we've done is
14 we've actually put on our website some informative
15 information for Section 8 tenants to understand
16 when they're filling out their applications what
17 are some of the essential things that--

18 COUNCIL MEMBER ARROYO:

19 (Interposing) I'm a little concerned about this
20 dependence on the website, not everyone has access
21 and, you know, so the packets, we can print them
22 and have them available in the office. I don't
23 want my staff to interpret this in any other way
24 than the way it's intended to function. So I want
25 to arrange an opportunity for my staff to receive

1 that training, and if we could do something
2 centrally here in the Council, so that we can send
3 an army of folks to come down here and hear the
4 presentation, and maybe do refreshers every so
5 often, because they're the first line of defense
6 for us, is our staff. And the better-informed
7 about process they are, the more effective they're
8 going to be in how they do what they do, and being
9 part of the solution, not part of the problem. We
10 don't want to hate NYCHA, we really don't, and you
11 better put those cameras into my developments, you
12 hear me? Okay. But I'd like to recommend that we
13 do central training here at the Council, so that
14 we can schedule our staff to come, your experts
15 can come and walk them through this process. Some
16 of them may know it like the back of their hand,
17 but we have turnover in staff frequently, I think
18 it's something that should be an ongoing training.
19 Thank you.

21 MS. RIAZI: Absolutely, we will do
22 that.

23 COUNCIL MEMBER ARROYO: Thank you,
24 Madam Chair.

25 COUNCIL MEMBER CHIN: Thank you,

1
2 Madam Chair. I just want to follow up, you
3 mentioned that you have three customer walk-in
4 centers, so I didn't hear in Manhattan.

5 COUNCIL MEMBER ARROYO: Or the
6 Bronx.

7 COUNCIL MEMBER CHIN: No, I think
8 the Bronx has one, I think in Manhattan and Staten
9 Island you don't have walk-in centers?

10 MS. RIAZI: No, we used to have
11 five, we consolidated them to three, so we have
12 one in Brooklyn, one in the Bronx and one in
13 Queens.

14 COUNCIL MEMBER CHIN: So the people
15 who live in Manhattan and Staten Island, if they
16 want to come to a walk-in center and drop off,
17 they have to go to any of them?

18 MR. SERRANO: Any of them.

19 MS. RIAZI: And we recommend
20 Brooklyn, because the lines are much shorter.

21 COUNCIL MEMBER CHIN: Okay. A
22 question related to that is, you have the calling
23 center, right, so if someone calls in and wants to
24 find out what's the progress or status of their
25 recertification, the operator at the other end

1
2 will be able to tell them? They will be able to
3 look up information and tell them what's missing
4 or if all the information is received and
5 reassigned?

6 MR. SERRANO: That is correct. The
7 staff at the customer contact centers and at the
8 walk-in centers have information available on
9 their desktops on the status of the case.

10 COUNCIL MEMBER CHIN: Now how many
11 of the 94,000 voucher holders live in NYCHA? Are
12 any of them living in NYCHA buildings, or are they
13 all in private housing?

14 MS. RIAZI: How many, 2,000? 2,600
15 live in NYCHA buildings.

16 COUNCIL MEMBER CHIN: Are they the
17 ones that the state--

18 MS. RIAZI: (Interposing) The
19 state, yes the city-state building.

20 COUNCIL MEMBER CHIN: Okay, so
21 those 2,600, is it possible for them to get
22 assistance in their local management office?

23 MS. RIAZI: Yes, they get support
24 from the local management office.

25 COUNCIL MEMBER CHIN: So do they--

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2 MS. RIAZI: (Interposing) For
3 repairs, are you asking about repairs?

4 COUNCIL MEMBER CHIN: No, no, no,
5 I'm talking about recertification.

6 MS. RIAZI: And the forms.

7 MR. SERRANO: Recertification is
8 done at the development.

9 MS. RIAZI: Yes, it's done at the
10 development, so the property manager would handle
11 the recertification at the office.

12 COUNCIL MEMBER CHIN: Okay, so for
13 those 2,600, they are taken care of at their own
14 management office, so they could bring documents
15 there, they can check on the status of their
16 application.

17 MS. RIAZI: Yes.

18 COUNCIL MEMBER CHIN: Okay. So
19 that's good. Okay, thank you.

20 CHAIRPERSON MENDEZ: Thank you.
21 I've got a few questions. Let me start with some
22 of the simple stuff here. You mentioned in your
23 testimony that there was a landlord extranet, and
24 were any pilots or comprehensive testing done
25 before that went live?

1
2 MS. RIAZI: The extranet was live
3 prior to deployment, except after we deployed the
4 new system we added a lot more functionalities.
5 So today if you get a suspension for a unit or a
6 building, that suspension is available real-time,
7 that night, in the extranet, so you can go
8 download the form, fill it out, submit it, and we
9 have ... we continue to add functionalities. So it
10 was a simple design, it was not complex. When it
11 will become complex as we migrate to the next
12 phase of this initiative, which is doing much more
13 interactive processes with the landlords, which is
14 our intent, and that's what the landlords have
15 asked, because they do want to be able to have
16 access to data, to have transparency and be able
17 to conduct business online.

18 CHAIRPERSON MENDEZ: So what if any
19 trainings were given, I guess since it was simple
20 maybe you just log in and you can figure it out?
21 But what will be done once it becomes more
22 complicated? You're saying it's going to become
23 more intricate, so what if any trainings will be
24 given to landlords and property managers?

25 MR. SERRANO: We actually have a

1 unit located at 90 Church Street, we've actually ...
2 that's, the landlord extranet is a, from my
3 perspective, an under-utilized resource that we
4 have, and we realize that with the new platform we
5 have now, we actually have the ability to enhance
6 and provide more online capabilities for our
7 landlords, and as we've been getting the word out,
8 the number of registrations have been climbing.

9 As I mentioned in the testimony, we have over
10 4,400 registrations. Approximately a month ago we
11 had less than 4,000, so as we're getting the word
12 out it has been increasing. At this point the
13 instructions on the website to register are fairly
14 straightforward, very simple, but we also provide
15 a resource, we have staff, at 90 Church Street
16 that can reach out to the landlords, and typically
17 does, just to walk them through the process and
18 link them up.

19
20 CHAIRPERSON MENDEZ: You have more
21 than 32,000 landlords in the city that receive
22 Section 8 vouchers, and you have 4,500 that have
23 registered, have you determined why that number is
24 so low? Have you gotten any responses that maybe
25 it isn't as easy to use the extranet as perceived?

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2 MR. SERRANO: Actually, as we've
3 continued to meet with the different landlord
4 groups, we've been getting the word out, and the
5 feedback has been very, very positive. From time
6 to time, sometimes they lose the link when they
7 register, and they notify us, and we'll get them
8 back up, but it's been primarily very positive.
9 Some landlords we have mentioned to that it's
10 available, and quite frankly they shy away from
11 using a computer, but for the most part the ones
12 that we get the word out, we get in touch with
13 them the very next day and we link them up very
14 quickly. So as we're getting the word out, the
15 number is increasing.

16 CHAIRPERSON MENDEZ: Earlier in
17 your testimony you said that there was an
18 attrition rate of 2% each year that ... of your
19 vouchers, that people are taken off or, you know,
20 leave the program. You also said new people
21 coming into the program were vouchers for
22 veterans, and what is the percentage of new
23 vouchers that are being given out and vouchers for
24 veterans?

25 MS. RIAZI: We have to get back to

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you with that data.

CHAIRPERSON MENDEZ: Okay. So 2% of ... could someone do the math? 2% of the vouchers, you have about 95,000 vouchers?

MR. SERRANO: 94,400, yes.

CHAIRPERSON MENDEZ: 94,000 vouchers. That's--

MR. SERRANO: (Interposing)
Approximately between 2,400 and 3,000.

CHAIRPERSON MENDEZ: Between?

MR. SERRANO: Between 2,400 to 3,000.

CHAIRPERSON MENDEZ: Okay. So 2,400 are being returned through attrition, can you tell me what if any of that is being used for the 1,000 that were taken off the list two years ago, and what if any of that will be used for the 750 that will be losing their voucher from HPD?

MS. RIAZI: So those two groups are our first priority as we ... as these vouchers are freed up, those are the groups that we are going to provide vouchers to, that's our first priority.

CHAIRPERSON MENDEZ: So if there's a 2% attrition for the last two or three years, I

1 think this problem started shortly after I got
2 into office, so that would be about 4,000 to 5,000
3 vouchers you should have received through
4 attrition, so what happened to the 1,000 that are
5 still on the waiting list?
6

7 MS. RIAZI: I believe we are
8 reaching out to them, and I think we contacted 300
9 of them, we are talking to about ... we have given
10 vouchers to 60?

11 MR. SERRANO: Yes.

12 MS. RIAZI: Is that a correct
13 number? So we are actively reaching out as
14 vouchers are freed up, we actively reach out to
15 that population to give them vouchers.

16 CHAIRPERSON MENDEZ: And you're
17 going to be doing the same with the 750 from HPD?

18 MR. SERRANO: We're actually
19 working with HPD currently.

20 CHAIRPERSON MENDEZ: Currently?

21 MR. SERRANO: Yes, we're actually
22 working very closely with them, and we have weekly
23 sessions with them to coordinate our efforts for
24 those individuals that were on HPD's temporary
25 assistance program, to transfer them back to

1
2 NYCHA's Section 8 program.

3 CHAIRPERSON MENDEZ: What do you
4 expect will be the wait time for that, since
5 you've reached out to 60 of the 1,000, and there
6 was about 2,000 vouchers two years ago that came
7 back through attrition?

8 MS. RIAZI: What do we expect for
9 the wait time? A few months? So they're going
10 through the process, the rental process, it's a
11 dynamic wait time, because from the time we reach
12 out, we find them, they have to go find a vacancy,
13 find an apartment, they have to come back. So
14 some of that is dependent on the voucher-holder,
15 some of it is dependent on us. We can get back to
16 you with what the process is and average times
17 that we have experienced.

18 CHAIRPERSON MENDEZ: So I could see
19 the issue with the voucher-holders that were in
20 shelters, that they were ... their vouchers were
21 revoked before they got into a home. But for the
22 750 that are in homes through HPD, that process
23 should be streamlined, right?

24 MR. SERRANO: And it is.

25 CHAIRPERSON MENDEZ: So they won't

1 encounter those problems, because if 2,000
2 vouchers were available two years ago through
3 attrition, and only 60 were outreached to because
4 it was difficult to find them, that still leaves
5 1,940 vouchers that should have gone out to the
6 public two years ago to individuals who need it,
7 and I don't know that 1,940 vouchers went out, and
8 if they did, I doubt they were all veterans.

10 MS. RIAZI: So just to clarify, we
11 reached out to 1,000, we contacted 300, the rest
12 have changed their addresses and we just couldn't
13 reach out to them. So we've reached out multiple
14 times, and the ones that we are ... we have been
15 working on and giving vouchers are the 60, so
16 we've been actively reaching out to them, but I'm
17 going to let Carlos answer the 750, because he
18 knows the process much better than I.

19 MR. SERRANO: Chair Mendez, if I
20 may, just to make sure that we're talking about
21 the same thing. So we're talking about those
22 families that are on HPD's temporary home
23 assistance program. You mentioned the number 750,
24 we have been working with HPD and we've identified
25 that population to be approximately 500, that are

1
2 either on the program or in the process of being
3 put on the program. We are working very closely
4 with HPD to streamline that process, not to go
5 through the normal process, because we want to
6 make sure, we want to take every precautionary
7 measure to make sure there is a seamless
8 transition for those families that are on HPD's
9 temporary home assistance program to transition
10 over to NYCHA's. So we're working very, very
11 closely with them.

12 CHAIRPERSON MENDEZ: So you said
13 from the 750 you've determined it's 500, what
14 happened to the other 250?

15 MR. SERRANO: Quite frankly, you
16 would have to ask HPD, they essentially would have
17 that.

18 CHAIRPERSON MENDEZ: We will, we
19 have, we will.

20 MR. SERRANO: Okay.

21 CHAIRPERSON MENDEZ: To let people
22 know.

23 MR. SERRANO: Okay, and regarding
24 the folks on our waiting list, there are
25 approximately 1,000 that were ... whose vouchers

1
2 were rescinded back in 2009, and the primary way
3 that we're trying to get those folks on vouchers
4 and receiving assistance is through our transfer
5 process. So essentially as we canvass and we get
6 developers who come to us and say they want to
7 show their units, we provide them with a listing
8 of our transfer ... we canvass that list of those
9 1,000, and we've been doing that on a recurring
10 basis, it's been very slow, sending out letters to
11 inform them of this unique opportunity. We
12 haven't really gotten a lot of responses, but we
13 have gotten some responses, and we refer them to
14 those developments, to get them assistance and a
15 unit.

16 CHAIRPERSON MENDEZ: How many of
17 the 95, approximately 95,000 vouchers are project-
18 based?

19 MS. RIAZI: 2,000, under 2,000.

20 MR. SERRANO: We'll get you the
21 specific number.

22 CHAIRPERSON MENDEZ: We had a
23 discussion about termination of Section 8
24 recipient vouchers and your testimony said that
25 you are not terminating any, can you describe the

1
2 process and the steps you're taking in terminating
3 a voucher-holder's voucher?

4 MS. RIAZI: So you're interested
5 strictly in the process, right?

6 CHAIRPERSON MENDEZ: Yes.

7 MS. RIAZI: What the process is.

8 CHAIRPERSON MENDEZ: Yes.

9 MR. SERRANO: As I mentioned, the
10 process for the annual recertification process
11 begins approximately five and a half months in
12 advance. Built into that process we allot time,
13 to the extent that if we have not heard from a
14 family within two months, we then begin sending
15 them a series of notices cautioning them. First
16 we send three such notices, we send a warning
17 notice that basically alerts the family that we
18 have not heard from them, and you know, they're in
19 danger of termination. The second notice is what
20 we refer to as an actual termination notice, which
21 otherwise you probably heard T-1, we refer to it
22 as a T-1 notice, that is essentially where once
23 again the second time we're warning the family
24 that they have failed to recertify, and we
25 actually provide them with what's missing. And

1
2 then the final notice is what we refer to as a T-
3 3, that is the final termination notice that tells
4 a family this is their final notice, and within 45
5 days of the notice their subsidy will be
6 terminated.

7 CHAIRPERSON MENDEZ: And what
8 information is provided to the property owner, if
9 any?

10 MS. RIAZI: So we do, when we send
11 T-3, which is the third notice, to the voucher-
12 holder, to the tenant, we also get a letter to the
13 landlord, and make sure the landlord understands
14 that the tenant has not complied, and has not sent
15 the information to us.

16 CHAIRPERSON MENDEZ: And if there
17 is an issue with the property owner, let's say
18 they're supposed to provide documentation, or they
19 have provided access for inspection and somewhere
20 in the system it's not logged that that has
21 happened, what ... or if it has not happened, what
22 kind of notice is provided to the property owner?

23 MS. RIAZI: Is this regarding
24 inspections or is this for anything?

25 CHAIRPERSON MENDEZ: Anything, any

1
2 paperwork, because, you know, for any of those
3 reasons, right, the lease and the voucher may not
4 be issued if the lease is not resigned, if an
5 inspection doesn't take place, but I did hear in
6 my last testimony from some property owners that
7 they provided documents over and over, and they
8 were still in the system as they had not provided
9 any documentation. So I'm just trying to
10 understand what notice is given to the property
11 owner.

12 MS. RIAZI: I can ... going back to
13 the testimony early on, we did have a backlog
14 around scanning, so if they submitted the lease
15 renewal and it came in, especially a lot of the
16 lease renewals that were on the old forms, they
17 were stuck in the backlog for scanning, so they
18 may have submitted it and it was still there, or
19 it was ... the system couldn't read it, but I would
20 say today we don't have that backlog. If they
21 have sent us a document, we can see it, and if
22 they don't send us a document, we actually with a
23 lot of owners the middle of last year we made
24 calls to them, telling them, look, we see you've
25 had a suspension, you have not responded to us,

1
2 did you get the form, do you need the form, can
3 you fax it to us immediately? So we did an
4 outreach to our CCC, and through LHD with phone
5 calls to the landlords to make sure that they
6 received the document.

7 CHAIRPERSON MENDEZ: If you can
8 talk me through the process, if a voucher-holder
9 believes that they have received the T-1 or T-3
10 notice in error, and what happens there? I know
11 there are administrative remedies usually, can you
12 just talk me through that?

13 MS. RIAZI: Could I just ... what was
14 the question again? If the T-1's and T-3's are
15 received in error?

16 CHAIRPERSON MENDEZ: If a voucher-
17 holder believes that they have received the T-1 or
18 T-3 termination notice, any of these notices, in
19 error, right? What is their recourse?

20 MS. RIAZI: Carlos, do you want to
21 take that?

22 MR. SERRANO: Our policy is to
23 grant an informal conference or an impartial
24 hearing for any family wishing to challenge the
25 termination action. An informal conference

1 essentially is a review that's performed by staff
2 in the Leased Housing Department, not ... and that
3 staff cannot be involved or part of the decision
4 to terminate. An impartial hearing essentially is
5 performed outside of the Leased Housing Department
6 within NYCHA through an impartial hearing officer.
7 So at any point in time where a family wants to
8 challenge that, they can do so, and they can do so
9 a number of ways. They can come into the contact
10 ... the walk-in center and make a request, they can
11 call into the customer contact center, they can,
12 as part of the T-1 and T-3 notices, there are
13 checkboxes in there affording the opportunity to a
14 family to challenge the decision. They can check
15 that and they can mail it into us, the minute that
16 comes in through our standing technology it
17 automatically triggers and automatically stops the
18 clock on the termination process.

20 CHAIRPERSON MENDEZ: And do you
21 need ... so you could trigger this process at the T-
22 1 phase or the T-3, is that correct?

23 MR. SERRANO: That's correct.

24 CHAIRPERSON MENDEZ: And so when an
25 informal conference or hearing is requested by the

1 voucher-holder, then everything is just in
2 abeyance until this hearing is held or until all
3 the papers are reviewed?
4

5 MR. SERRANO: Yes.

6 CHAIRPERSON MENDEZ: Okay. Can you
7 tell me how many hearings or informal conferences
8 the Authority holds on this matter?

9 MS. RIAZI: We can get back to you
10 on that.

11 CHAIRPERSON MENDEZ: Okay, thank
12 you. So in November, 2011 the Authority stopped,
13 it halted, it temporarily halted termination of
14 tenants from the Section 8 Program. That has been
15 reinstated, I believe?

16 MS. RIAZI: Let me just clarify, it
17 wasn't November, 2011, we stopped terminations in
18 the summer, was it July? We stopped terminations,
19 when did we stop terminations? In February.

20 CHAIRPERSON MENDEZ: February, 2011
21 you stopped terminations.

22 MS. RIAZI: For recertification.

23 CHAIRPERSON MENDEZ: For
24 recertification. And so that process is still ...
25 you're still not moving forward, and everything is

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being reviewed manually?

MS. RIAZI: Yes, we have stopped terminations, and we are reviewing, it's going through the system, but everything does get reviewed manually. And again, as Carlos said, the termination process starts five and a half months in advance, it's actually not a termination process, it's the recertification process, starts five and a half months in advance, and there are milestones where we check to see whether we have the documents or not. So the termination process, if someone doesn't submit anything to us, could take five and a half months before they actually are out of the system and terminated.

CHAIRPERSON MENDEZ: So no one has been terminated as a result of you halting the process at this point, to your knowledge?

MS. RIAZI: No one has been terminated due to recertification.

CHAIRPERSON MENDEZ:
Recertification.

MS. RIAZI: Since the deployment of the system.

CHAIRPERSON MENDEZ: Thank you.

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And how many people are--

MR. SERRANO: (Interposing) I would just like to clarify.

CHAIRPERSON MENDEZ: Yes.

MR. SERRANO: I'd like to clarify that. So families that receive their annual review packages through the new system have not been terminated. Recalling and recognizing that the process starts five and a half months in advance, you do have families who fail to recertify, but started back in 2010, but that five and a half month process came into 2011. We're not talking about those individuals, we're talking about anyone who received an annual recertification package as part of the new system, they have not been terminated.

CHAIRPERSON MENDEZ: Since the system went live.

MR. SERRANO: That's correct, recognizing that we had some delays in scanning, and we wanted to insure that those families were not impacted, we created a safety net and in fact stopped termination, put a moratorium on it. We triggered that process again in late 2011,

November.

MS. RIAZI: November, that's right.

MR. SERRANO: November of 2011, and those are the families now that we are doing manual reviews, because the clock is starting to run out on those, if in fact they have ... our records indicate that they have failed to recertify, we have committed to doing a manual review of those records, to insure before they're terminated that we have all the facts on that case.

CHAIRPERSON MENDEZ: How many manual reviews are you doing at this moment?

MR. SERRANO: We don't have a specific number at this time, Chair Mendez, we are actually doing that review now, and we expect to have some numbers in about a week or two.

CHAIRPERSON MENDEZ: Okay, I look forward to getting the answer then. Earlier someone mentioned suspension, and we've been talking about halting the terminations, can you just clarify for the record the difference between a suspension and a termination?

MR. SERRANO: Under a suspension a

1 family retains their voucher and all rights under
2 the program continue. I'm sorry, let me rephrase
3 that, a family ... under a suspension a family
4 retains their voucher and all rights under the
5 program, and they continue to pay their share of
6 the contract rent, however, NYCHA's share of the
7 contract rent stops, ceases. Under a termination,
8 a family will lose their voucher and all their
9 rights under the program, and the family
10 ultimately will be responsible for full payment of
11 the contract rent.
12

13 CHAIRPERSON MENDEZ: So another
14 issue that has been identified to me as a problem
15 is that on certification packages, recertification
16 packages that are sent in, that the package gets
17 logged as of the day that it's inputted, not the
18 date that it's stamped mailed, not the date that
19 it's walked in and stamped, and that that has
20 caused part of the backlog, and the system doesn't
21 show that they documents have been submitted. Is
22 there anything in place to deal with that, and is
23 there any way to scan the envelopes or the sheet
24 that is date-stamped by the authority on these
25 applications, on these documentations?

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2 MS. RIAZI: So all documents, we
3 recommend that either the tenant send all
4 documents to the P.O. box where we do mass
5 scanning, and the turnaround is 24 to 48 hours.
6 When you walk into the walk-in center, we'd be
7 more than happy to accept them at a walk-in
8 center.

9 CHAIRPERSON MENDEZ: Can I just ...
10 so, when it's sent to the P.O. box, right?

11 MS. RIAZI: Yes.

12 CHAIRPERSON MENDEZ: Someone picks
13 it up and it gets scanned between 24 to 48 hours.

14 MS. RIAZI: Yes, that's the
15 turnaround time that's the commitment we've made
16 to the public, and--

17 CHAIRPERSON MENDEZ: (Interposing)
18 That has been as of?

19 MS. RIAZI: Months, for months, it
20 has been consistent with that, yes.

21 CHAIRPERSON MENDEZ: Months.

22 MS. RIAZI: Now, that's considering
23 the post office, I mean, the mailing system could
24 take some time, the U.S. Post Office could, you
25 know, take its time sometimes to get us the

1 documents, but when we receive them, 24 to 48
2 hours scanned and visible to the call centers, so
3 if you are wondering whether we got your package,
4 you can call the call center and we'll tell you
5 that we have received the package. If you walk it
6 into a walk-in center, and again we'd be more than
7 happy to accept it at a walk-in center, it would
8 take a bit longer, because we have to manually
9 scan it or we have send it to the scanning center,
10 to LIC, so there's a couple of days of mailing and
11 sending and shipping to another location, so it
12 would actually be faster if our voucher-holders
13 send them to LIC and send them to the P.O. box.

14 CHAIRPERSON MENDEZ: If someone
15 mails the documentation by certified mail, they
16 get their return receipt.

17 MS. RIAZI: Absolutely.

18 CHAIRPERSON MENDEZ: And ... well, I
19 guess I can't ask you, I'd have to ask someone
20 who's sent it in, how long it's taken in that
21 process. So there is no problem, you will accept
22 it by mail, certified mail, you'll accept the
23 walk-ins, you're advising people to mail it in,
24 because it's ... it gets scanned in faster.
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MS. RIAZI: Yes.

CHAIRPERSON MENDEZ: Okay.

MR. SERRANO: And Chair, as I mentioned earlier, the postage-paid return envelopes that are specifically geared to come into a specific P.O. box to insure that annual review packages come in, we identify them and all the bar codes on them, so it's a very streamlined process to get them into the system within the 24 to 48 hours.

CHAIRPERSON MENDEZ: So let me just take a quick look and ... okay, if a voucher-holder or a property owner or their attorneys needed access to their Section 8 file and what's been scanned, or whatever is in their file, would that be made available upon a FOIA request, or is it made available, you know, just without the FOIA request or ... and how would they get their files?

MR. SERRANO: They would be required to make a FOIA request, and there's a lot of ... there's more detailed information on NYCHA's website about how to make that request. In fact, if you look under the site, under F on the site index on NYCHA's website, you go straight to

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2 freedom of information law requests and there's
3 specific instructions on how to make that request.
4 Via mail, fax or email.

5 CHAIRPERSON MENDEZ: And how long
6 does that usually take?

7 MR. SERRANO: Well, we don't have ...
8 we'd have to get back to you on that.

9 CHAIRPERSON MENDEZ: Okay. As I
10 mentioned earlier, in your little system there,
11 where the housing assistant sends back the notice
12 and what's missing, and I've told you that some of
13 these forms have been sent back blank to the
14 voucher-holder, have you determined what the
15 glitch is in the system that has done that?

16 MS. RIAZI: Early on we experienced
17 some of those. Again, we mail and receive two
18 million pieces of paper, so we had a few hundred
19 where we experienced partly-system, partly-
20 training, we resolved those, so if you have any
21 recent cases, I would love to see it. We have a
22 QA at printing as well, not only at scanning, we
23 have a QA at printing, to make sure documents that
24 leave scanning and printing are correct. But the
25 incident you're talking about we've seen early on,

1 and we have corrected it.

2 CHAIRPERSON MENDEZ: And you didn't
3 have those problems during the very vigorous
4 testing that happened?
5

6 MS. RIAZI: Again, we have
7 thousands of forms, we have hundreds of workflows,
8 and we did comprehensive testing, but there could
9 be cases where you could have certain conditions,
10 a perfect storm, where you would have that
11 incident. It's been corrected and it shouldn't
12 have happened the last few months.

13 CHAIRPERSON MENDEZ: On the
14 applications from 2010, where there was no bar
15 code, what was anticipated would happen with that
16 during the testing? And was it anticipated that
17 they would be an issue, where you wouldn't quite
18 be able to track them, since there was no bar
19 code?

20 MR. SERRANO: We did recognize that
21 there would be a transition period from the old
22 forms that were out with our families coming in.
23 We did staff, we did provide staff to handle that,
24 but the volume was greater than anticipated. Once
25 we recognized that we could not keep up with the

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2 volume, we made strategic decisions to add more
3 resources, and make some adjustments to the
4 system, to speed up the process by which we were
5 processing those unstructured documents.

6 CHAIRPERSON MENDEZ: Just give me a
7 minute to scan my notes. I think you might be
8 done. And it is in fact true that the
9 recertification package gets logged as of the date
10 scanned, not the date sent or received?

11 MS. RIAZI: Yes, the date scanned
12 is the correct date.

13 CHAIRPERSON MENDEZ: Okay. I want
14 to thank you for being here and patiently
15 answering all our questions, and I hope, as you
16 always do, keep someone here for the public
17 testimony.

18 MS. RIAZI: Thank you very much.

19 CHAIRPERSON MENDEZ: And we will
20 follow up for those outstanding answers, thank
21 you. So ... so just a matter of housekeeping, the
22 first panel will be Ian Davie from Legal Services,
23 New York City Bronx, Karen Bacdayan from Legal
24 Services NYC, Brooklyn, and Robert Desir from
25 Legal Aid Society. We have received testimony

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2 from Met Council on Jewish Poverty, we've also
3 received testimony from the Rent Stabilization
4 Association, and from the Public Advocate, Bill
5 DeBlazio, his report on fighting red tape and
6 technical errors, and this was published in
7 November, after our hearing, and all of this is
8 being submitted into the record. So if you could
9 all, the first panel can come up to testify, and
10 the second panel will be Angela Diaz, Ed Korman
11 from SPONY and Joseph Condon from Community ... from
12 CHIP, Community Housing Improvement Program, and
13 that will be the second panel that's up. So
14 whoever is ready can grab the microphone.

15 MS. BACDAYAN: Thank you for the
16 opportunity to testify before the City Council's
17 Public Housing Committee and for your commitment
18 to improving the New York City Housing Authority's
19 administration of its Section 8 Program. My name
20 is Karen Mae Bacdayan, I'm a staff attorney in the
21 Housing Unit of Legal Services for New York City,
22 Brooklyn Branch, a constituent corporation of
23 Legal Services New York City, the nation's largest
24 legal services provider. Legal Services' breadth
25 of experience gives us an informed perspective on

housing-related issues throughout New York City, specifically with regard to negative trends at the New York City Housing Authority. Unfortunately, the last couple of years we have seen increasing delays, errors and outright failures in the administration of the Section 8 Leased Housing Program by the New York City Housing Authority. Sadly, these problems compound many of the issues affecting low-income residents of New York City, and disproportionately affect the indigent, elderly and disabled. The Housing Authority system has never been perfect, but in the past advocates and participants alike were often able to work through issues with housing assistants assigned to particular participants and fellow attorneys in the legal department before serious harm occurred. However, by the fall of 2011, it was not possible to ignore that an already-flawed and clumsy system had become even more dangerous to our client base, as a result of the introduction of impersonal calling centers, computerized scanning of documents and the automation of the termination process. Individual caseworkers had been replaced by customer service

centers and New York City Housing Authority workers, managers and attorneys had ceased their prior practice of working together with Legal Services advocates informally to resolve issues. In fact, they changed all of their phone numbers, which made it impossible to reach someone with knowledge about a particular case. Hundreds of Section 8 Program participants were being inexplicably terminated, only to be reinstated to the program once a Legal Services advocate brought suit against the New York City Housing Authority on behalf of the individual. Discouraged, and without the resources to continue individually assisting multitudes of tenants who had been erroneously deprived of their benefits, in September of 2011 Legal Services for New York City, along with the Legal Aid Society, filed a Federal lawsuit on behalf of multiple Section 8 Program participants. The lawsuit sought change from NYCHA in the form of better administration of annual review and termination procedures. It was our hope that by bringing NYCHA to the table and forcing a dialogue, we would gain a better understanding of the new system and its flaws, and

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2 be able to work together to halt the avalanche of
3 wrongful terminations. Unfortunately, this has
4 not been the case. Today my client, Angela Diaz,
5 who is sitting to my right, and I will talk about
6 the continuing problems with delays and erroneous
7 termination notices, despite the intervention of a
8 Federal judge and magistrate and court-sanctioned
9 oversight of the NYCHA recertification and
10 termination process. I hope my thoughts and Ms.
11 Diaz's experience are helpful in informing and
12 advising the Committee about this important topic,
13 and I'd just like to give a little bit of
14 background before Ms. Diaz goes. In or about
15 2010, as was discussed, New York City Housing
16 Authority began the process of switching over to a
17 new computerized system. Under the new system,
18 SIEBEL (sic), eventually all tenant files will be
19 computerized, documents the tenants submit by mail
20 are sent to a central scanning facility in Long
21 Island City where they are scanned and ordered to
22 be merged with tenants' files. We have been told
23 that help centers are also equipped to scan
24 documents delivered by hand. Unfortunately, the
25 system has resulted in a substantial backlog of

1 documentation submitted by tenants. Under the new
2 system, when it's time for a tenant's annual
3 recertification, NYCHA's computer system
4 automatically generates a recertification packet,
5 which is sent to the tenant. At this time a time-
6 triggered termination process also begins. The
7 tenant must return the packet, and when it is
8 received the termination process is automatically
9 paused while the packet is manually reviewed.
10 Unfortunately, we've learned that a
11 recertification packet is not recognized as
12 received when it is actually received by NYCHA,
13 either by hand delivery or by mail. Rather SIEBEL
14 only registers a recertification packet as
15 received after it has been scanned. This means
16 that the automatic termination process timeline
17 continues to elapse, even though a tenant has met
18 her obligation to submit the documents for her
19 annual review. Thus a tenant will receive a
20 termination notice for failing to recertify, even
21 as her timely-submitted recertification packet
22 languishes in the Long Island City office or a
23 help center waiting to be scanned and associated
24 with her Section 8 case. Now I know that Section
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2 8, the New York City Housing Authority testified
3 here earlier, that there is now a 48 hour
4 turnaround process, it's impossible for me to
5 understand how that can actually be true, given
6 what we've been seeing. To make matters worse,
7 when a tenant requests a hearing to contest the
8 threatened termination, hearing requests are not
9 being granted, and tenants are receiving final
10 termination notices despite having requested a
11 hearing, which is supposed to automatically halt
12 the termination process. For some reason the
13 hearing requests, like the recertification
14 packets, are either not being entered into NYCHA's
15 computer system, or are not being recognized by
16 the computer software. In September 2011, Legal
17 Services New York City and the Legal Aid Society
18 filed a case against New York City Housing
19 Authority, alleging widespread systemic failures
20 resulting in erroneous terminations from the
21 Section 8 Program without an opportunity to be
22 heard, and in violation of our clients' due
23 process rights. In early December 2012 (sic) the
24 presiding Federal judge assigned to the case, the
25 Honorable Louis Vitaliano, permitted New York City

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2 Housing Authority to go live with SIEBEL, and to
3 begin sending out recertification packets and
4 termination notices using the computerized
5 technology. In February 2012, NYCHA counsel
6 informed plaintiffs' counsel that in early
7 February 2012, 5,396 final termination notices had
8 been sent to tenants for failing to properly
9 complete their annual reviews. This means that a
10 staggering 6% of the current 94,000 voucher-
11 holders who received notices of termination for
12 failing to recertify. Since that time, almost
13 immediately after receiving notification that
14 5,396 termination notices had been sent out, we
15 were informed that approximately half had been
16 rescinded. This left over 2,500 final termination
17 notices which would result in the termination of
18 the tenant subsidy if she did not either comply
19 with NYCHA's request or request a hearing within
20 45 days of the letter. On March 1st, 2012, Judge
21 Vitaliano ordered the New York City Housing
22 Authority to conduct a manual review of all 2,500
23 tenants who had received final termination notices
24 in early February 2012, and that no terminations
25 should take place until the manual review had been

1 completed. Judge Vitaliano further ordered that
2 Legal Services and Legal Aid be permitted to audit
3 the process by which NYCHA was reviewing the
4 files. Of particular interest to us are the
5 tenants whose termination notices are rescinded
6 after NYCHA's review. The Housing Authority's
7 review has not yet been completed, but already
8 more than 50% of the termination notices sent out
9 in early February 2012 have been rescinded, and we
10 believe that many more will be rescinded once
11 reviewed. The fact that so many termination
12 notices have been rescinded suggests that they may
13 have been issued in error, an audit of these cases
14 will lend particular insight into what the Housing
15 Authority itself implicitly admits is going awry
16 when a tenant receives a termination notice in
17 error. Remarkably, NYCHA continues to insist that
18 its system is satisfactory, operating optimally,
19 and that there is no scanning backlog. The
20 stories of tenants like Angela Diaz, however,
21 belie NYCHA's assertion that the computer system
22 is operating well and does not prejudice tenants
23 who are in compliance with program requirements.
24 While we hope to uncover the dimensions of these
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2 systemic issues through litigation, we urge this
3 Committee to continue to inquire with NYCHA
4 officials as well, and to continue to hold these
5 hearings until we get to the bottom of the
6 widespread systemic problems that are adversely
7 affecting so many needy New Yorkers. Thank you
8 again for your commitment to the oversight of the
9 New York City Housing Authority's Section 8
10 Program, and for your time today, and with that
11 I'd like to turn the microphone over to my tenant,
12 Angela Diaz.

13 MS. DIAZ: Good afternoon everyone,
14 my name is Angela Diaz, I live at 1245 59th Street
15 in Brooklyn. I receive Section 8, which helps pay
16 a portion of my rent each month. I live in my
17 rent-stabilized apartment with my three children
18 and my grandson. I have been a participant in the
19 Section 8 Program for 20 years. My household
20 income consists of Public Assistance benefits for
21 my grandson and Social Security disability for
22 myself. My daughter has no income and my two sons
23 are enrolled in college. Without my Section 8
24 subsidy, I would be unable to pay my rent on this
25 apartment or any other similar apartment in New

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2 York City. Every year for the last 20 years I
3 have received a recertification packet from the
4 Housing Authority. I complete the packet, attach
5 the necessary documentation and return it. I have
6 never in 20 years had a problem recertifying my
7 benefits until this year. This year was a huge
8 frustration for me, and almost resulted in my
9 losing Section 8 benefits. It was an extremely
10 stressful experience, having to worry about losing
11 the roof over my head and the heads of my four
12 children. This is what happened. In October 2011
13 I received my recertification packet from Section
14 8, I promptly completed it, attached the necessary
15 documents and delivered it to the Housing
16 Authority by hand on November 9th, and I got a
17 receipt. The Housing Authority wants me to mail
18 everything to them, but I have found that when I
19 mail something, the documents are always lost. So
20 I personally deliver all important documents to
21 the Brooklyn help center so I can get a receipt.
22 Because almost one month later I had not heard
23 anything from Section 8, I also went to the
24 Brooklyn help center on December 5th, 2011 with
25 more copies of the documents I had already

1 submitted and got another receipt. The man at the
2 customer service window told me that I didn't need
3 to be worried, he said that the problem was there,
4 was a new system and all documents from all over
5 the city are sent to Long Island City. If my
6 documents were not in the system yet, it was
7 because they are backed up and had not had a
8 chance to scan them. About a week later, I
9 received two confusing notices of termination, one
10 was blank and did not say anything except that I
11 would be terminated. The other one stated that I
12 had not submitted all my documents, even though I
13 had, and that I was at risk of being terminated
14 from Section 8. I immediately sent in a request
15 for a hearing on the provided form. By January
16 31st, 2012 I had not heard anything from Section 8
17 and I was worried, so I went to the help center.
18 The woman behind the window told me that I should
19 fill out another recertification package just in
20 case. She gave me a new form, and told me to
21 complete it immediately. I got another receipt
22 when I delivered it by hand later that same day.
23 One week later I received a notice stating that I
24 had not submitted my recertification packet, and
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that I was going to be terminated from Section 8 for failing to return my recertification packet. I was very, very worried at this point, so I requested another hearing, and I went to Legal Services for New York City, Brooklyn Branch, and got an attorney. On March 22nd, 2012, my attorney wrote an email to Steven Rappaport, the Assistant General Counsel for the Housing Authority and to Colette Rodgers, the Director of Section 8 Leased Housing. Almost immediately I received a letter dated March 23rd, 2012, the very next day, after my lawyer wrote a letter, accepting my annual review and renewing my Section 8 for another year. I believe it is obvious that I did nothing wrong. I returned my completed recertification package twice, and kept being threatened with termination even so. I asked for a hearing twice and never heard anything from Section 8. The fact that Section 8 is not doing what it is supposed to be doing was confirmed to me by workers at the help center who told me I was getting termination notices because the scanning process was backed up. After five months of trying to recertify on my own, it was not until my attorney wrote to

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2 Section 8 that my papers were suddenly found and
3 accepted the very next day. I truly hope that the
4 Committee can stop the Housing Authority from
5 putting people who are doing everything they are
6 supposed to do, at risk of homelessness just
7 because the Housing Authority isn't doing what it
8 is supposed to do. Thank you for your time.

9 MR. DAVIE: Good afternoon, my name
10 is Ian Davie, I am a Housing Unit Staff Attorney
11 in the Bronx office of Legal Services NYC. The
12 Bronx office has represented the civil legal
13 services needs of low-income and elderly families
14 for over 40 years. We praise the leadership of
15 Chair Mendez and her commitment to Section 8
16 participants and we appreciate the opportunity to
17 testify before the Public Housing Committee today.
18 I hope my thoughts are helpful and informing in
19 advising the Committee about this important topic.
20 As you know, at Legal Services NYC, and certainly
21 at the Bronx office, we see a number of different
22 housing issues throughout the city, so it's not
23 surprising to us that this Section 8 issue has
24 become such a problem recently. When I last
25 provided testimony on the topic in September 2011,

1 we along with Legal Aid had just filed two multi-
2 plaintiff Federal cases against the Housing
3 Authority, as Ms. Bacdayan just discussed. One of
4 the cases, Barclay v. NYCHA, involved NYCHA's
5 refusal or inability to properly process interim
6 recertifications for tenants whose incomes had
7 fallen. This problem places the tenants in danger
8 of eviction, because it requires that they pay an
9 unaffordable tenant share each month, and also has
10 larger implications because it results in an
11 incredible delay in Housing Court while judges and
12 even the landlord bar feel that their hands are
13 tied waiting on Section 8 or the New York City
14 Housing Authority to perform an interim
15 recertification. Although the problem still
16 exists today, we are in ongoing negotiations with
17 the Housing Authority and hope to reach a solution
18 that is workable for NYCHA and which protects the
19 rights of tenants. Nevertheless, the Barclay case
20 and the Campos case, which Ms. Bacdayan discussed,
21 will only address some of the issues with the
22 Housing Authority, and I think that Council
23 Members Dilan and Arroyo and Chin, and certainly
24 Chair Mendez, hit the nail on the head with some
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1 of the comments today about other issues that are
2 affecting the Housing Authority, but most
3 importantly that are affecting tenants, and I'm
4 going to briefly discuss a couple of these other
5 issues. Most recently we have heard and seen that
6 NYCHA is unnecessarily delaying the transfer
7 voucher process. A transfer voucher allows the
8 tenant to take their Section 8 voucher and move to
9 another apartment, often when they're in an
10 overcrowded apartment, when their apartment
11 contains unlivable conditions, or when they want
12 to avoid some other kind of threats, such as the
13 threat of domestic violence. Presently tenants
14 requesting a voucher must first wait for a
15 briefing, if they're provided a voucher, they then
16 have a number of months to find an apartment, and
17 NYCHA then inspects the apartment to make sure
18 it's suitable for the tenants to live there.
19 Unfortunately, the voucher process presently
20 doesn't operate as smoothly as I just described.
21 At the initial stage, after tenants apply, NYCHA
22 sometimes takes months and months to even provide
23 a transfer voucher. When a tenant is finally able
24 to find a new apartment, NYCHA also unreasonably
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1 delays the process of approving that apartment.
2 This includes various inspections, often
3 inspections that, in which the tenant isn't
4 notified or an inspection that approves the
5 apartment, but then later fails it for another
6 reason. Also we found that NYCHA has been
7 unreasonably providing extensions of time if a
8 tenant is not able to find an apartment within the
9 initial three month period. Now, these problems
10 with the Housing Authority don't arise just from
11 the poor implementation of the existing legal
12 procedures, we've seen also that the Housing
13 Authority fails to follow law procedures at all.
14 For example, NYCHA has a process by which tenants
15 can add additional persons to their household,
16 such as an elderly woman who wants a family member
17 to come live with her, or a family who has just
18 had a cousin move to the New York City area. In
19 2007, the Housing Authority issued an initial ...
20 excuse me, an internal directive that prohibited
21 its workers from requiring landlord consent to add
22 a household member. Unfortunately, we have seen
23 on numerous occasions where the Housing Authority,
24 even five years later, is still requiring landlord
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1 consent, and often the landlord unreasonably or
2 summarily denies this additional tenant.

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4 Unfortunately this practice can only result from a
5 lack of proper training of workers, a failure to
6 update internal forms and instructions, and
7 seeming inability to provide oversight by NYCHA
8 management. Finally, as was alluded to today on
9 various occasions, NYCHA suffers from a large
10 failure to communicate with its participants, or
11 to allow its participants to communicate directly
12 with the Housing Authority. NYCHA presently
13 employs, as Council Member Chin raised, only three
14 customer contact centers throughout the city, none
15 of which are located in Manhattan or Staten
16 Island, so initially it's very difficult for
17 tenants to even get in personal contact with
18 NYCHA. Oftentimes now when they go to NYCHA,
19 they'll be told they'll be contacted, and maybe
20 weeks later a tenant will receive a call or a
21 letter stating that they should then come back to
22 meet with a worker. Only at that appointment are
23 tenants finally allowed to discuss the issue that
24 has come up with the Section 8 case. If they are
25 told that they should follow up, for example bring

1 another document, they must go through the process
2 again, request an appointment, be called, or
3 receive a letter, and then go in and talk about
4 that. Now the system completely disregards the
5 schedules of Section 8 tenants, such as Ms. Diaz,
6 requiring that they meet on a date set by NYCHA
7 that doesn't have any regard for their employment
8 or other necessary appointments. The system also
9 requires that the tenant wait weeks before even
10 meeting with an agency representative, which is
11 unworkable with regard to housing issues, where
12 time is often of the essence. Sometimes tenants
13 are not contacted at all. Equally frustrating,
14 and I think you saw this problem on the board that
15 was behind where I'm currently sitting, earlier,
16 is the recent move by NYCHA from the worker-based
17 system to a task-oriented system. Now instead of
18 having a person that a tenant can go to, that
19 knows the case, or the history of the case,
20 different employees may work in a totally
21 piecemeal fashion on one issue, such as, as the
22 example was showed earlier, the recertification
23 process. This means that tenants have to meet
24 with multiple workers who may not know the details
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1 of the issue, just to resolve one single problem,
2 and this creates additional delay. Now, in
3 addition to the problems I've briefly discussed
4 today, Section 8 tenants experience a host of
5 other problems, to name just a few, NYCHA does not
6 often provide the informal hearings when they are
7 requested, there are numerous notice problems,
8 there are numerous scanning problems, and they
9 often don't utilize the proper forms. As you have
10 heard, these administrative problems stem from
11 various sources, from a failure to follow existing
12 law and procedures to the affirmative
13 implementation of what appear to be poor
14 organizational structures. Unfortunately, over
15 the past few years we have seen the ways these
16 delays, errors and outright failures in the
17 administration have compounded many of the issues
18 that already affect low-income New York City
19 tenants. Frustratingly, many of the problems are
20 self-inflicted and can be fixed with proper
21 procedures, implementation and oversight. As
22 these problems and the potential for solutions are
23 raised, we sincerely hope that the Housing
24 Authority takes them under consideration, and
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2 works towards changes that improve the experience
3 for Section 8 tenants throughout the city, and in
4 the meantime we at Legal Services NYC appreciate
5 the role that the Committee and the City Council
6 have taken in addressing these issues, and
7 respectfully ask the Council continue to provide
8 oversight regarding these important matters.
9 Thank you for your time.

10 MR. DESIR: Good afternoon, my name
11 is Robert Desir, I'm a Staff Attorney with the
12 Legal Aid Society. First, we appreciate the
13 opportunity to appear before the Committee on
14 Public Housing and we're also grateful for the
15 leadership of Committee Chair Mendez concerning
16 the rights of all New York City tenants that rely
17 on Section 8 rental assistance. In the face of a
18 slow economy, where it's increasingly difficult
19 for families' incomes to keep pace with rising
20 costs, it's critical that low- and middle-income
21 families have some security where their housing is
22 concerned. For many, a Section 8 voucher serves
23 as the only way to access safe, decent housing in
24 the private market. Recent events have
25 demonstrated the importance of oversight of the

1
2 Section 8 Program that serves over 96,000 tenants,
3 and that's according to the Housing Authority's
4 website as of two days ago. In pursuing Legal
5 Aid's mission to improve the lives of low-income
6 New Yorkers, we've identified several problems
7 with the administration of the Section 8 Program.
8 These problems all threaten the homes of families
9 that rely on the rent subsidy to provide shelter.
10 Some of these problems have been outlined by my
11 colleagues, so I'll keep my remarks brief. But
12 these problems all seem to relate to major changes
13 that NYCHA made in the manner in which it
14 administers its Section 8 Program when it switched
15 to NICE and also migrated its customer data to the
16 SIEBEL customer service relationship management
17 system. This marked a change in the way
18 participants interacted with the Housing Authority
19 in that there was no longer a housing assistant
20 that could quickly respond to changes and deal
21 with discrepancies. This marked a departure from
22 the continuity of service that voucher-holders and
23 participants previously enjoyed. With the annual
24 recertification process, as was mentioned, we've
25 experienced massive delays in logging tendered

documents into the system. Also, documents were increasingly being improperly logged, lost or misplaced. Countless participants were terminated from the program due to alleged failure to complete their annual recertification. In response, the Legal Aid Society and Legal Services commenced litigation on behalf of affected tenants. While the case is ongoing, the Housing Authority has at least agreed to halt automatic terminations and conduct a manual review before terminating participants. They've also agreed to allow the plaintiffs to audit their procedures with respect to the manual terminations. However, we are still seeing a backlog of scanned documents into the system, people are calling the customer contact center and being told that, in response to notices that they received, termination notices, are being told that the documents are in possession of the Housing Authority, however they haven't been logged into the system. For example, I have a client who completed the annual recertification process, or so she thought, her apartment passed inspection, she received a voucher change notification, telling her what her

rent payments would be going forward. Nevertheless, she was terminated from the program. She didn't receive a notice, she found out when her landlord informed her that he had not received payment. This has been for several months. She has repeatedly called the Housing Authority to inquire about the status of her subsidy, and also to request a hearing. She's always been told ... she's repeatedly being told that there are no problems, her subsidy is active, nevertheless her landlord is not being paid, and her landlord is threatening to sue her at this point. Legal Aid Society and Legal Services also commenced litigation to address the massive delays in adjusting the tenant portion of the rent where there's a change in the household income. Tenants in this situation found themselves suddenly unable to afford the rent, and thus subject to eviction. In that case we are currently pursuing settlement talks with the New York City Housing Authority. We also found that the New York City Housing Authority was not timely restoring subsidies that were suspended for HQS violations after the repairs were made. This failure relegated many

1 participants to living under the ongoing threat of
2 eviction, as they endure unnecessary Housing Court
3 proceedings because their landlord claimed that
4 they violated substantial obligation of their
5 lease by failing to maintain their Section 8
6 voucher. Related to that was a failure to adjust
7 subsidy payments where there was a lawful rent
8 increase. The Legal Aid Society recently filed a
9 motion on behalf of a class of Section 8 tenants
10 seeking to intervene in a pending class action
11 that was originally commenced by Section 8
12 landlords. Lastly, we found that the New York
13 City Housing Authority was not timely processing
14 transfer requests, even in emergency situations.
15 This failure causes great peril for participants
16 that are typically facing eviction proceedings and
17 under tremendous pressure to secure new
18 accommodations. Until they receive a transfer
19 voucher, they are unable to seek new
20 accommodations. In the meantime, the clock
21 towards the time that they have to vacate their
22 current apartment continues to tick. We've been
23 contacted by several people who were evicted from
24 their homes waiting for a transfer voucher. This
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1
2 situation continues. In conclusion, we call on
3 the Housing Authority to stop terminating Section
4 8 recipients until it insures that it has not
5 terminated them in error, and restores the people
6 that have been terminated in error. We also the
7 Housing Authority to follow procedures with
8 respect to transfer requests, as these tenants are
9 particularly vulnerable when they are under
10 constraint to vacate their present homes before
11 they can even begin to search for new
12 accommodations. In addition, the Housing
13 Authority must improve its procedures concerning
14 the interim recertification process, to insure
15 that Section 8 recipients are not being
16 overcharged in rent. Finally, we call upon NYCHA
17 to timely process restoration requests after HQS
18 violations have been remedied, and to timely
19 process lawful rent increases. Thank you again
20 for the opportunity to testify before this
21 Committee.

22 CHAIRPERSON MENDEZ: Thank you.
23 First, Ms. Diaz, thank you for coming here and
24 telling us your personal story. It's alarming to
25 me, because the timeline you provided should have

CHAIRPERSON MENDEZ: We didn't get
any from you.

MS. BACDAYAN: I have two copies of each.

CHAIRPERSON MENDEZ: But if we can ... okay, we can get it, because you had a lot of details in there that would be helpful.

MS. BACDAYAN: Right, I can hand it in.

CHAIRPERSON MENDEZ: To us, that would be wonderful. We'll have the sergeant pick it up.

MS. BACDAYAN: Okay.

CHAIRPERSON MENDEZ: I don't have any questions for this panel, I just, you know, I'm just ... it's very disconcerting, because everything we've heard earlier is in contradiction datewise with what I've heard right now. So I'll certainly follow up with ... the Committee will follow up with this.

MR. DESIR: We'd be glad to provide the information that you requested, to the extent that it doesn't run afoul of the confidentiality order that we've entered into in the course of the litigation with the Housing Authority.

CHAIRPERSON MENDEZ: Wonderful.

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I'd appreciate that, thank you. Okay.

MS. BACDAYAN: Thank you very much.

CHAIRPERSON MENDEZ: Joseph Condon and Ed Korman. Thank you for being here and staying until the end of this hearing, and whenever you're ready, you can start to ... just grab the microphone, identify yourself for the record, and start giving your testimony.

MR. KORMAN: Good morning, Madam Chair and members of the Council, my name is Edward Korman, I'm Executive Vice President of the Small Property Owners of New York, as well as a multi-family property owner housing Section 8 families. S.P.O.N.Y. has many owners involved with Section 8, since the 1990's I initiated and represented our industry along with CHIP, meeting with NYCHA to discuss situations affecting owners in the program with much success for both sides. We've had meetings with the management teams as well as the inspection units in each borough when they had it in each borough. Since NYCHA's reorganization, which they claimed was antiquated, I'm going to see that it's more dysfunctional. Condensing their operations with one phone number

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2 for owners and tenants, owners have had not the
3 opportunity to reach out to NYCHA to resolve
4 situations because of the one number, such as
5 lease renewals, not receiving requests as before,
6 owners submit signed leases both by regular mail
7 and by proof of mailing. You cannot send
8 certified mail to a post office box, so everybody
9 that's been talking about that is incorrect.

10 CHAIRPERSON MENDEZ: Just that you
11 can usually to government agencies.

12 MR. KORMAN: No.

13 CHAIRPERSON MENDEZ: And--

14 MR. KORMAN: (Interposing) Any post
15 office box you cannot send certified mail.

16 CHAIRPERSON MENDEZ: I've done it,
17 to government agencies, and I've gotten the return
18 receipt back.

19 MR. KORMAN: Well, not to them.
20 All right, I will send--

21 FEMALE VOICE: (Interposing)
22 (inaudible).

23 CHAIRPERSON MENDEZ: Okay.

24 MR. KORMAN: Right.

25 CHAIRPERSON MENDEZ: Okay. So

1 we'll ... okay. We'll follow up with this, and
2 there was a comment from the audience verifying
3 the same thing for tenants, that they're not
4 getting return receipts when they send things
5 certified mail to the Housing Authority.
6

7 MR. KORMAN: Right.

8 CHAIRPERSON MENDEZ: The tenant
9 program. Okay, thank you, sir.

10 MR. KORMAN: Before NYCHA changed,
11 they used to send a lease renewal request to the
12 owner, to meet with the tenant to say if they
13 wanted a one- or two-year lease. They no longer
14 do that. I have a number of their lease renewal
15 requests for almost a year that have not been
16 responded to, and I think that it's been mentioned
17 here before. When the owner calls the 718 number,
18 one could wait more than 30 to 60 minutes having
19 the phone answered and then it gets disconnected.
20 Should one make contact, they are told, we are
21 working on it, write letters, send by proof of
22 mailing, which you cannot send to the post office
23 box, and when they're told that we sent it, they
24 say, we cannot find it. I have a very good
25 rapport with my tenants, and they also, with all

1 that went on with the recertification and other
2 docs, they come to me to help them, and I do,
3 because we have a relationship, and the same thing
4 is with my tenants. They send documents that are
5 not received, they send the document which I sent
6 to Serrano's office with proof of faxing to a
7 specific individual, just putting in an amount of
8 money, and the tenant was suspended for five
9 months and we have to get the money. The biggest
10 complaints from members are the anyone's
11 certifications of inspections, and the added
12 suspensions of rents. Sometimes an owner could be
13 owed eight, nine, ten months simply because NYCHA
14 claims it didn't receive any documentation. I as
15 well as other owners have faxed the ones, as an
16 example in close, please find a memo to Fran Crio
17 (phonetic) for one of my properties, should an
18 apartment fail HQS, I am notified by email, and
19 maybe sometimes by snail mail, as of late, only
20 email. As per my last inspection for the last two
21 tenants, my certifications were sent timely. I
22 pride myself on the operation and condition of my
23 properties. The NE-1's were faxed to the
24 inspection unit more than once, and to Ms. Crio

two or three times. Payments sporadically stopped and started due to failed inspections, for which I received no notification or any other notification on the extranet, of which I am participating. In closing, you're going to find documents that I submitted to NYCHA and they submitted back to me. There's an Exhibit 1, we sent a lease on 12/29/11, I received an email response on 3/28/12, the explanation makes no sense, it's enclosed. Number two, I submitted another lease on 12/29, received snail mail response dated 3/28/12, with no explanation of the disapproval, blank. Faxed registration forms through the extranet, of which I also have included here, with the fax receipts where it doesn't ... they don't answer. Condition of apartments is one thing that the owners have to be concerned with when tenant transfers and I have a rent arrears. There used to be a time when NYCHA would contact an owner if the tenant has rent arrears, and that the tenant returned the keys. An owner cannot enter an apartment when a tenant supposedly moves out until he gets the keys, that's the housing code. I have a letter here dated ... from NYCHA dated 7/20/2011 that the

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2 tenant moved out 7/1/2011. And then I received a
3 landlord release authorization for the same tenant
4 on June 24th, for the tenant to move out on July 1,
5 that is supposed to have said less than seven days
6 to move out. I get that note and the tenant moved
7 out, I did not get the keys back until August 22nd,
8 of which I notified NYCHA. What a surprise we
9 got, garbage all over the place, furniture, no
10 burners in the stove, rabbit food, broken doors,
11 broken windows, pictures are enclosed so you can
12 see what tenants leave owners, and why owners need
13 rents and have to be able to maintain their
14 apartments. NYCHA ... just as the recent episode,
15 last Friday I got a call from Mr. Matthew
16 requesting that I receive the keys from Jessica.
17 I had no idea her transfer was approved, and
18 neither did she. She received a call to pick up
19 her move-out letter, and has to be out of the
20 apartment before the end of the month or she's
21 responsible for the rent. I will no longer
22 receive any rent nor have I received any
23 notification of the effective transfer. If she is
24 not out by the 1st, I will have the tenant and the
25 new owner gets the rent. In addition to comments

1 from NYCHA, just this week my rental agent waited
2 for his NYCHA inspection on two apartments, never
3 showed up. We need an address to send a certified
4 letter to, so we can get it there. Their scanning
5 system is just not effective. Why does an owner
6 have to go down or send somebody to their call
7 center there on Atlantic Avenue to submit a lease,
8 they stamp the receipt and then they send it back,
9 they never got it. I met with Carlos and Colette
10 on behalf of S.P.O.N.Y., I brought two owners,
11 real good guys, I brought two brokers. These guys
12 were owed \$20,000 - \$30,000. We left all of our
13 documentation there. Most of it was done, but it
14 hasn't been finished. We always get, when we call
15 this call center, all we get are "send a letter,
16 we don't have your documentation". Carlos ... no,
17 not ... Colette asked me if I have any HPD Section
18 8's, and I said I do, and I have a very simple
19 system, "send it to me". I sent them their
20 request for lease renewals and whatever I had,
21 this goes back about three months, and I haven't
22 heard from them, and there's the previous, which I
23 don't have in my testimony, I have a tenant that
24 stopped working, her share was \$169, which she
25

1 paid all the time. All of a sudden her share went
2 to \$343, because they said she's working when she
3 was in school. So they paid \$206 less. Now she's
4 moving, I'm stuck for \$3,000, they don't have the
5 documentation, all of a sudden they found the
6 documentation after I threatened them with an
7 article 78. We need to meet, we need to have more
8 networking with City Council, to know what the
9 owners' sides. All we've heard today was a
10 repeat, repeat, repeat on recertification. I
11 could tell you about the recertifications from
12 some of my tenants, and I'd be glad to bring them
13 down, but I would also like you to meet some of
14 the owners that have been owed thousands and
15 thousands dollars without any explanation. And
16 the only way that I can get things done for myself
17 or some of my people that I know is by calling
18 Carlos' office. Otherwise, you call the call
19 centers, it's a waste of time. Thank you for your
20 time, and if you'd like to meet, I'd appreciate a
21 meeting.
22

23 CHAIRPERSON MENDEZ: I would like
24 to do that, and I would like someone to meet with
25 him right after this hearing specifically about

1
2 this issue with Jessica, and then I will follow up
3 about your other property owners.

4 MR. KORMAN: Okay, thank you.

5 CHAIRPERSON MENDEZ: I was trying
6 to get a sense of the issues and I did have some
7 property owners the last time, and--

8 MR. KORMAN: (Interposing) We
9 weren't invited the last time, I don't know why,
10 S.P.O.N.Y., we weren't invited. I believe RSO
11 went and I don't know, did CHIP go? Only RSO
12 goes, CHIP and S.P.O.N.Y. are very seldom invited.

13 CHAIRPERSON MENDEZ: We do send out
14 some written notifications.

15 MR. KORMAN: We don't have it.

16 CHAIRPERSON MENDEZ: But it's also
17 on the website when we have a hearing.

18 MR. KORMAN: I got, I have it from
19 Mr. Goodman, this one I got, I have never received
20 another one before. And--

21 CHAIRPERSON MENDEZ: (Interposing)
22 Well--

23 MR. KORMAN: (Interposing) I want
24 to tell you one more thing.

25 CHAIRPERSON MENDEZ: Yes.

1
2 MR. KORMAN: Now that Carlos isn't
3 here. We have relationships with some inspectors
4 that keep continually coming to our buildings, we
5 have relationships with people that we go down to
6 the offices, that we knew from before, and these
7 people are very disgruntled because of the
8 workload that they have. There are some that are
9 working seven days a week, 12 hours a day, and
10 they never get back to what they have to get to
11 us. And they tell us, how much can we do, 22
12 stops in eight hours? It can't happen, it can't
13 happen. They are not telling you the real story,
14 that's all I have to say. Thank you.

15 CHAIRPERSON MENDEZ: And part of
16 this hearing is because it should not take myself
17 or yourself meeting directly with Carlos. The
18 process in these borough offices need to work, and
19 we are getting different testimony now in terms of
20 timeline, so I will be going back to the Housing
21 Authority, to meet with them to go over at least
22 these specific cases so they can track--

23 MR. KORMAN: (Interposing) Most of
24 the people that we had contact with when we
25 initiated this in 1990, and it was ... yeah, we had

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2 some problems, I don't think they're as dear (sic)
3 as they are right now, but when we met in each
4 borough, in Manhattan, in Brooklyn, in Queens,
5 with the director of each unit and the chief
6 inspector, things were different, we spoke, "Oh,
7 I'll look into it", they called you back. You
8 don't get any phone calls any more. I get ... I'm
9 on the extranet and I have to register one ... I got
10 three buildings that are registered. One was
11 registered telling me how much I'm earning twice,
12 the one that I really wanted is not there. I sent
13 -- and you have it -- I sent a registration,
14 request for information, to their fax number, and
15 I also gave you that I didn't ... that it never goes
16 through. I also gave you pictures how tenants --
17 and this has to be addressed, it really does --
18 before they go to a new apartment that we get
19 stuck with the bills of what the tenants leave
20 apartments. This apartment cost me over \$10,000
21 to bring back to normal. And I lost three months
22 rent, because I didn't know she was moving. So
23 there are a lot of things that were incorrectly
24 said by this young lady here.

25 CHAIRPERSON MENDEZ: So on the

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2 extranet, never mind that there seems to be some
3 glitches there, is it easy to log in and get into
4 the system?

5 MR. KORMAN: Yes it is. If you
6 have ... if you ... when you go on to the NYCHA site,
7 there are two ways that I can get in, you can go
8 nychanewyork.org, whatever it is, and it tells you
9 Section 8 assistance, and I click on that. And it
10 says, information for landlords, information for
11 tenants, and so on and so forth, I click on that
12 and as it goes down, are you a registered extranet
13 owner and I say yes. It comes up, I put in my ID,
14 which I have it saved, it's only on my computer,
15 and my ... the other part of it, what do you call
16 it, the ID and the password, and it comes up and I
17 get it. Now I have another situation, where I
18 didn't get rent for three and a half months. I
19 called Fran Crio, who is, used to be Mr. Kearns',
20 the director's, secretary. I don't know why Greg
21 isn't there anymore, but that's another case. If
22 I didn't have the contact there, I wouldn't know
23 what's going on in my building, nor to the people
24 in Community Board #4 in Brooklyn. They said she
25 didn't certify, okay. She gave me ... she did

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2 certify, but she was missing one document, which
3 she gave to me with a fax number to a person with
4 a fax receipt that she faxed it, and I get another
5 answer that she failed inspection, but I don't
6 remember having an inspection, a failure. Because
7 if you go on the extranet, it tells you apartment
8 failures, building failures, recertification
9 failure, inspection failures. Serrano's office
10 told me, we don't ... she had to be inspected, she
11 goes to be re-inspected, passed the inspection.
12 The inspector, unannounced, went to another tenant
13 that it seems they didn't get in and the tenant is
14 always there, somebody's always home, and we
15 looked over the apartment of his, the apartment
16 failed. So I go, she calls me, the auditor failed
17 it, it needed a paint job. Okay, it got done, and
18 we do it, we were painting the hallways, the
19 common areas, and how many hands does a painter
20 have? And I go on the extranet, she never failed.
21 The one that they said did didn't, I mean, there's
22 members, there's something drastically wrong
23 there.

24 CHAIRPERSON MENDEZ: Can I ask you
25 if many ... yeah, let me do this. I have more

questions, but let's hear the testimony.

MR. KORMAN: Yeah, sure.

CHAIRPERSON MENDEZ: And then I ask both of you more questions.

MR. KORMAN: It might be on.

MR. CONDON: Can you hear me?

MR. KORMAN: Yeah.

MR. CONDON: Thank you, Chair Mendez and Committee staff, for holding this hearing and taking interest in the issues, my name is Joseph Condon, I'm staff attorney for the Community Housing Improvement Program, also known as CHIP. CHIP is a not-for-profit membership association comprised mostly of small to medium-sized owners of multi-family rent-regulated housing throughout New York City. Together CHIP members represent approximately 5,000 buildings containing about 250,000 units of affordable housing. Today I present this testimony on behalf of CHIP and its members. Now, over the past 12 to 24 months, possibly longer, CHIP members, and essentially all residential property owners have had a very difficult time dealing with NYCHA Section 8 voucher program. Owners have had

1 problems with unnoticed suspensions, improper
2 terminations, improper suspensions, improper lease
3 renewals, lease renewal delays, and more. To
4 exasperate the difficulties, when owners discover
5 these discrepancies and reach out to NYCHA's
6 customer contact center to resolve any issues,
7 they are met by call center staff that are unable
8 to effectuate any resolution, and are rarely able
9 to provide any substantive information. Call
10 center staffers can confirm that a document has
11 been received or that an inspection has occurred,
12 but cannot make any changes to NYCHA's based on
13 that documentation, nor can the call center staff
14 put the caller into contact with someone who can
15 resolve the issue. Call center staff cannot tell
16 you why a change was not processed or how long it
17 will take to process. The Section 8 voucher
18 program is not working up to its capability, and
19 owners and tenants have nowhere to turn for
20 assistance. Now before delving into the specific
21 problems that owners are experiencing, I'd like to
22 say that the recently-appointed senior level staff
23 in NYCHA's Leased Housing unit have been helpful
24 and responsive ... helpful and responsive when a
25

problematic case is brought to their attention.

Over the past five months I've forwarded several hundred voucher numbers to that staff, and they have helped resolve many of those issues.

However, there is more work to be done, but I do know that they are working diligently. I also wanted to state that we appreciate the

improvements that have been made by the new Leased Housing unit staff over the past several months.

The extranet is a tremendous tool, and it's currently helpful to owners in obtaining lease renewal forms and receiving NE-1 notices. We believe the extranet should be expanded and used for other communications from NYCHA, such as notices regarding changes to NYCHA mailing addresses, walk-in center locations, policy changes, and a host of other information that owners need to know about the Section 8 Program.

We also believe that the extranet should allow for two-way communication, not only allowing NYCHA to communicate with owners, but allowing owners to communicate with NYCHA. Owners should be able to send electronic copies of lease renewal forms, NE-1 certification of corrections and other

1 documentation that NYCHA requests. We are
2 encouraged to see a system in place that has such
3 potential, but there are issues that still exist
4 with the program and issues that may no longer
5 exist, but which have left collateral damage that
6 must be addressed. I do want to note, some owners
7 do have trouble with the extranet in registering
8 additional buildings, so they'll sign in, register
9 a building, and sometimes they'll have trouble
10 adding additional buildings to that email address.
11 So that's just a side note. I'll go briefly
12 through the itemized problems, as you've probably
13 heard most of them before. First, the tenants are
14 being removed from the payment register without
15 notice or explanation, now whether it's because of
16 a failed HQS inspection or because of failure to
17 submit recertification documentation, or just the
18 fact that NYCHA hasn't processed those
19 documentations, owners should be notified about
20 those events, rather than having to figure it out
21 through self-analysis of the next monthly payment
22 register, and I've attached some exhibits to my
23 testimony to illustrate all of these points. The
24 second problem is failed a housing quality
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1 standard inspection, of which owners are not
2 notified. Now, if an owner is not timely notified
3 of the failed housing quality standard inspection,
4 they are not able to correct the conditions that
5 led to the failed inspection, and NYCHA
6 automatically suspends the Section 8 tenant ...
7 Section 8 payments for that tenant. Thus, due to
8 the failure to timely notify owners of failed HQS
9 inspections, and the lag in inspection times,
10 owners see losses in payments for a minimum of
11 three months and oftentimes more. Now, because
12 the Section 8 Program pays approximately 70% or
13 more of a tenant's rent, the owner loses a large
14 portion of income from that apartment. The
15 budgetary shock that's created from these
16 shortcomings depend on the size of the building,
17 the number of NYCHA tenants that reside in the
18 building. For small property owners, the
19 financial shock can be enormous, as the lack of
20 revenue generated on a monthly basis greatly
21 impacts their ability to keep up with standard
22 operating and maintenance costs. Furthermore,
23 there is no recourse for an owner to recoup the
24 lost Section 8 payments. Often NYCHA refuses to
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1 recognize that NE-1 notices were not sent in a
2 timely fashion, or sent at all, and refuses to
3 provide retroactive payments to owners in these
4 situations, causing economic harm to owners
5 despite the owner having done nothing wrong.
6 Three, tenants remain suspended from the payment
7 register despite tenant-certified NE-1's being
8 submitted on a timely basis. An example of this
9 is tenant voucher #0217033, in that case an NE-1
10 form signed by the owner and the tenant has been
11 in the NYCHA database since July or August of
12 2010, however the owner has not received a payment
13 for this tenant since September of 2010. A more
14 recent example is tenant voucher #0216675, for
15 which the owner did not receive ... has not received
16 payment since January of 2012, despite faxing a
17 certified notice of correction in December of
18 2011, that's attached Exhibit D. The second case
19 also illustrates the point that I just made, as
20 the owner did not receive the NE-1 notice until
21 two weeks after the failed inspection, leaving
22 only six days to arrange for access to the
23 apartment to correct the condition, to have the
24 tenant sign the certification, and to send it back
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1 to NYCHA. Point #4, when a suspended tenant is
2 reinstated at some later date, NYCHA does not
3 consistently provide retroactive payments. So
4 despite owners properly submitting certified
5 notices of correction, and the tenant being
6 reinstated at some point down the road, owners are
7 not automatically reimbursed for the time in
8 between the missed payments from the date of
9 suspension to the date of reinstatement. Often
10 owners must persistently call NYCHA's contact
11 center to attempt to gain reimbursement for these
12 payments. Sometimes it happens, sometimes it
13 doesn't, but either way it's several months that
14 an owner must make this effort to try and get
15 their retroactive payments. There's also the
16 failure to timely process renewal lease
17 adjustments, if they get processed at all. Now,
18 for each rent increase that accompanies a tenant's
19 lease renewal, an owner supplies to NYCHA via a
20 lease renewal form an increase in the Section 8
21 subsidy to match the increase in legal rent.
22 Often, NYCHA will renew the subsidy for the new
23 lease term at the old legal rent, thus the
24 increase in legal rent goes unpaid. Increases in
25

1 legal rents are promulgated by the rent guidelines
2 board, and are intended to match the increase in
3 costs of operating and maintenance of rental
4 housing. The RGB provides increases that are
5 necessary for owners to keep up with rising costs,
6 but NYCHA, for whatever reason, often fails to
7 increase Section 8 payments for these very same
8 owners. Owners submit the paperwork timely, yet
9 NYCHA doesn't process their request in a timely
10 fashion, and owners who follow up on their
11 paperwork by calling the CCC are often told by CCC
12 staff that the paperwork is in the system, but
13 there is no explanation of why the paperwork has
14 not processed, why the adjustment has not been
15 made, and there's no timeframe for the processing
16 of that material. Now personally I've seen
17 Section 8 payments that have not been adjusted
18 since 2010, tenants' leases, those tenants' leases
19 are now coming up for renewal in 2012, or may have
20 already been renewed, yet owners are being paid
21 based on a 2009 rent. See Exhibit E for that.
22 Number 6, if NYCHA does update the legal rent, no
23 retroactive payments are made. For example, an
24 increase in legal rent for a leased that commenced
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2 January of 2012 may have been finally processed in
3 April of 2012, but NYCHA pays the correct share
4 for April 2012 unarmored (sic). They do not
5 automatically pay the owner for the underpayments
6 in January, February and March. In many cases,
7 arrears are owed for 12 months or more, see
8 Exhibit F for that. I've heard a lot of
9 complaints about call center staffers either
10 giving incorrect information or giving
11 inconsistent information, there's an attached
12 email from one of my members, Exhibit B, that
13 details that in a better way than I can. There's
14 also slow response times for reinspections, that
15 are necessary by NYCHA to verify corrected
16 conditions when a tenant certified notice of
17 correction is not timely filed. Now the failure
18 to send NE-1 notice to owners and the slow
19 response times to schedule the reinspection will
20 cause owners to lose out on months of payments
21 from Section 8. You could see the attached email
22 which also documents that, and that's Exhibits B &
23 C. I think in that case the owner lost four
24 months of Section 8 payments. But there's no
25 formal, no access policy, a no access scenario can

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2 arise two different ways, either way an owner is
3 unable to schedule a date with the tenant to make
4 necessary corrections that are required by an NE-1
5 notice, or where a NYCHA inspector cannot gain
6 access to an apartment upon reinspection to verify
7 that corrections were made. There is no formal
8 policy, and there should be some sort of way to
9 grant an extension of time for owners to correct a
10 condition when access is not immediately granted
11 by a tenant, or where a NYCHA inspector is unable
12 to gain access. There is no plan to bring
13 unprocessed applications, unprocessed NE-1 forms,
14 and other unprocessed documentation that may have
15 occurred before the new system was initiated, but
16 still exists because they've never been cured.
17 Owners who are members of CHIP are grateful to
18 have access to NYCHA personnel who are capable of
19 addressing these issues on a case-by-case basis,
20 however there are many other owners out there who
21 do not have that same access, and who may not have
22 the administrative resources to continuously
23 monitor NYCHA's payment registers and persistently
24 call and send letters to NYCHA seeking resolution.
25 And even owners who do have those administrative

resources are not always able to achieve results. Finally, there are overly-strict standards for HQS inspections that eventually result in tenant suspensions. Owners find out that apartments have failed HQS inspections for tenant-caused damage such as unclean or greasy burners on a stove, or for de minimis conditions such as a small missing piece of base molding. NYCHA should use more discretion when suspending payments for these de minimis or tenant-caused conditions. And although these issues existed in larger numbers prior to the arrival of the current administration, they still do exist. We have discussed these issues with NYCHA personnel, and we're appreciative of their willingness to listen and explore different methods for resolution. Despite the chaotic situation that the current administration inherited, we recognize the progress that they are making and are hopeful of progress to come. We also hope that NYCHA recognizes the large number of cases that have been mishandled in the past, and even if the systematic issues are resolved going forward, there's a dearth of cases that have been affected which have severe adverse impacts

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2 to get it on the record, is on the extranet. If a
3 property owner has more than one property, it
4 seems that there's a glitch in the system and you
5 cannot register the additional property?

6 MR. CONDON: Yes, some of them have
7 to--

8 MR. KORMAN: (Interposing) Well,
9 I've been going through it, in fact somebody from
10 Carlos' office has been calling me. After I do it
11 and I send her an email, she I don't think is the
12 person that makes the transition in the extranet,
13 she just places the information on. Like I said,
14 I had one building was ... it gave me twice, the
15 building that I really want isn't there, and then
16 you asked, they gave you where I sent them
17 requested information, tried to fax it to their
18 number three or four times, and they don't answer.
19 Their fax machines don't work.

20 CHAIRPERSON MENDEZ: Okay.

21 MR. KORMAN: It's just not--

22 CHAIRPERSON MENDEZ: (Interposing)
23 And you have not been able to register another
24 building?

25 MR. CONDON: Some ... it's not

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2 consistent, some owners are able to, some owners
3 aren't.

4 CHAIRPERSON MENDEZ: So you do know
5 of some owners that have been able to, but then
6 many do not, okay.

7 MR. KORMAN: Right, and part of
8 mine are, and part of mine that I want to get on
9 aren't, but the ones that I have two buildings on
10 there, that I don't have Section 8 tenants anymore
11 because I sold the buildings, but they're still on
12 the extranet.

13 CHAIRPERSON MENDEZ: Just for the
14 record, any ones, those are inspection?

15 MR. KORMAN: Inspection units.

16 CHAIRPERSON MENDEZ: Okay.

17 MR. KORMAN: Notices, yes.

18 MR. CONDON: Sorry, it's fully
19 explained in my written testimony, I don't want to
20 take up too much time.

21 CHAIRPERSON MENDEZ: Okay, yes, but
22 I just want to capture it on the record. And when
23 you receive a notice or you've sent documents, and
24 you ... it's not logged in your lease renewal, your
25 inspection, like they're saying inspection wasn't

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2 conducted or was, but you failed the inspection,
3 when in fact there was not an inspection, what
4 administrative remedies do you have at that point,
5 besides getting on the phone with Carlos?

6 MR. KORMAN: That's it.

7 CHAIRPERSON MENDEZ: You have none.

8 MR. KORMAN: If we have none, and
9 the majority of the owners don't, we happen to
10 have the access, because we meet with them to
11 discuss all these situations. So and there's two
12 secretaries in the office that were with the
13 previous administration that still remember us,
14 and we're able to contact.

15 CHAIRPERSON MENDEZ: And the phone
16 number that you call into, it's the same number
17 that if a tenant is having a problem calls into?

18 MR. KORMAN: No, no.

19 CHAIRPERSON MENDEZ: It's a
20 different number.

21 MR. KORMAN: No, it's a number at
22 90 Church street, or 60 Church Street.

23 CHAIRPERSON MENDEZ: Okay.

24 MR. KORMAN: And then I called one
25 time--

CHAIRPERSON MENDEZ: (Interposing)

They keep you on hold 30 to 60 minutes?

MR. KORMAN: No, not there.

CHAIRPERSON MENDEZ: Not there.

MR. KORMAN: On the call center they keep you on.

CHAIRPERSON MENDEZ: At the call center.

MR. KORMAN: When we call, and in fact I had an opportunity to call Carlos' office and it's the regular person that happens to be out on an illness, and somebody else answered the phone and I said, "Could I speak to Carlos?" "How did you get this number?" I mean, it's just crazy.

MR. CONDON: I just wanted to comment on the administrative remedy for the NE-1's, what typically happens is, if an owner doesn't receive the NE-1 notice, they'll see in the next payment ... next month's payment register either that tenant removed or that tenant's name with "suspended" next to it, and they won't receive payment for that tenant in that check. And then what I've experienced is at that point

1 owners will call the call center, ask why the
2 tenant has been removed, they'll be notified that
3 the apartment failed an HQS inspection, and then
4 the owner will ask for a copy of the NE-1 notice.
5 And then, you know, so we're ... by the time they
6 get it we're about two months removed, the owner
7 never then has the opportunity to correct the
8 condition and use the tenant certification method
9 of informing NYCHA, at that point NYCHA will have
10 to send ... make a reinspection to verify that those
11 conditions have been corrected, which leads to
12 several months of lost payments. And at that
13 point, NYCHA will only reinstate the payment from
14 the date of the reinspection, so regardless of
15 when the correction was made, the suspended
16 subsidy is only reinstated as of the date of
17 reinspection.
18

19 MR. KORMAN: And as far as
20 inspectors not showing up, in this one particular
21 building that has a majority of my Section 8
22 tenants, I have cameras all over, and I check to
23 see if they showed up, as well as HPD inspectors,
24 the same thing, they don't show up. You know, I
25 don't know if they don't see the cameras or they

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2 don't know, but I monitor my building as best I
3 can.

4 CHAIRPERSON MENDEZ: My last
5 question, when a phone call is made to 90 Church
6 Street, do you get immediate response there?

7 MR. KORMAN: Yes.

8 MR. CONDON: Yes.

9 CHAIRPERSON MENDEZ: All right. I
10 want to thank you for your testimony, I would also
11 off the record like to get examples of some of the
12 property owners and your own problems, so that I
13 can follow up with the Housing Authority, and then
14 follow up with you again, and the Housing
15 Authority said, sir, that they would meet with you
16 right now about the issue of Jessica, that you
17 just received the notice last week.

18 MR. KORMAN: I didn't receive
19 anything, I got a phone call.

20 CHAIRPERSON MENDEZ: Oh, you got a
21 phone call.

22 MR. KORMAN: They're telling me
23 that the--

24 CHAIRPERSON MENDEZ: (Interposing)
25 At the end of the month.

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MR. KORMAN: That she has to be out, she doesn't even know her thing was done.

CHAIRPERSON MENDEZ: So the Housing Authority is here and they're going to take a--

MR. KORMAN: (Interposing) And I'm due \$2,600, and of which they told her they paid me \$600 already, which I didn't get.

CHAIRPERSON MENDEZ: Okay. All right, I want to thank this panel for their testimony.

MR. CONDON: Thank you.

MR. KORMAN: Thank you.

CHAIRPERSON MENDEZ: I want to thank the Housing Authority for staying till the very end, and Margaret Chin who left a little while ago, but she was here for almost the entire hearing. Thank you.

C E R T I F I C A T E

I, Richard A. Ziats, certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.



Signature _____

Date May 9, 2012