

TESTIMONY FROM NYCHA CHAIR & CEO SHOLA OLATOYE
PRELIMINARY BUDGET HEARING
COMMITTEE ON PUBLIC HOUSING
MONDAY, MARCH 28, 2016 – 10:00 AM
COUNCIL CHAMBERS, CITY HALL, NEW YORK, NY

Chair Ritchie Torres, members of the Committee on Public Housing, and other distinguished members of the City Council: good morning. I am Shola Olatoye, Chair and Chief Executive Officer of the New York City Housing Authority. Joining me today are Karen Caldwell, Executive Vice President and Chief Financial Officer; Brian Clarke, Senior Vice President for Operations; and other members of NYCHA's executive team. Thank you for this opportunity to present the Authority's adopted budget for the years 2016 through 2020, which was approved by the NYCHA Board of Directors on December 23, 2015.

Before I walk us through NYCHA's finances, I think it's important to recognize some other numbers that show NYCHA is moving in a different and more positive direction:

- We met our goal to cut the average wait time for routine repairs to less than seven days portfolio-wide;
- We've installed more than 12,000 security cameras to date;
- We completed nearly a quarter of the roof replacements funded by the Mayor last year; and
- We've doubled our reserves.

Central to these accomplishments and this conversation about NYCHA's fiscal health is NextGeneration NYCHA, our 10-year strategic plan. Since launching last May, NextGeneration NYCHA is having a real impact, shoring up our organization right now and moving us toward a stronger future.

A Fundamentally Dire Financial Situation

As I've stated many times before, significant financial challenges threaten the very survival of public housing in New York City: government disinvestment has resulted in a nearly \$2.5 billion loss in operating and capital funding since 2001; a deficit that will grow to a cumulative \$5 billion in 10 years if we continue on the path of the status quo; and aging buildings – the majority of which are more than a half century old – require \$17 billion in funding for major capital repairs.

Simply put, the money NYCHA takes in is not enough to cover our expenses. Our main sources of revenue – federal funding and rent – do not cover the cost of fulfilling our basic responsibilities as a landlord. After NYCHA combines federal operating funds and the rent we collect, there's a \$120 per unit annual deficit. Across nearly 178,000 apartments, that's a more than \$22 million structural deficit this year.

A crisis of this magnitude requires urgent action now.

We can all agree that New York City does not want to go the way of other cities. We will not be Chicago; we refuse to be St. Louis or Atlanta. We cannot allow New York City to solve its problems with abandonment, demolition, or receivership. Hundreds of thousands of New Yorkers expect the Authority, this Administration, and our elected officials to get serious about solving NYCHA's financial problems and making it stronger today to ensure it is here for tomorrow.

So we have intensified our efforts to educate and engage our partners in Washington and Albany on the gravity of NYCHA's predicament, and why it must be saved.

The cornerstone to bringing NYCHA back from the brink is our 10-year strategic plan, NextGeneration NYCHA, and its 15 targeted strategies. By transforming how we do business and getting on solid financial ground, we can become the transparent, modern, efficient, and effective landlord our residents have long deserved.

How We Got Here

For the past 80 years, New York City's **public** housing has survived and thrived on **public** funding. Funding from the City, State, and federal governments subsidized the original construction of NYCHA's 2,550 buildings – 60 percent of which were built before 1965. Over the years, NYCHA has become increasingly dependent on Congress and annual federal funding for our very existence, since resident rent is no longer our primary funding source for day-to-day building operations. We also depend on Congressional appropriations for capital grants to modernize and make major infrastructure improvements to our housing stock.

Knowing NYCHA's funding history is important context for understanding our current fiscal crisis. While there are ways NYCHA can control our costs and generate more revenue (a major aim of NextGen NYCHA), there are many factors outside the Authority's control which impact our annual budget tremendously.

Public housing subsidies are supposed to bridge the gap between tenant rent and operational expenses. HUD uses a formula to calculate the subsidy level for housing authorities that makes up for the difference between income and expenses. Unfortunately, this formula is rarely, if ever, fully funded.

For the last couple of years, the **President's proposed annual budget** for HUD's public housing programs has not reflected a fully funded formula and

the tremendous needs within housing authorities across the country, especially here in New York City.

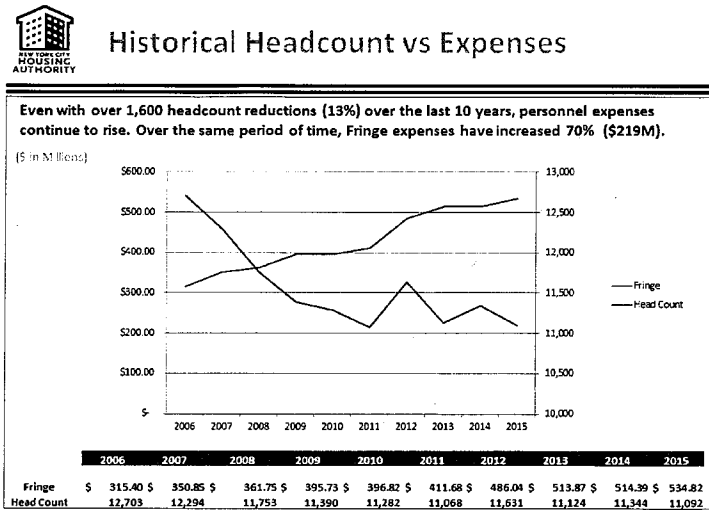
With weak budget support – and lacking national political support – public housing programs have essentially been **flat-funded by Congress** for more than a decade. As operational costs continue to rise, stagnant funding is basically a funding reduction.

When appropriated funds land at HUD, the agency is forced to ration much-needed federal funding across all public housing authorities – which it does through **proration** – and the gap between income and expenses only gets wider. In 2016, NYCHA expects an *85 percent* proration rate of federal operating funds – a \$159 million shortfall from what HUD's formula deems necessary to keep NYCHA afloat.

While federal operational support has dwindled, State and City operating subsidies have completely disappeared. When the State (in 1998) and the City (in 2001) abandoned the public housing they built and supported for years, NYCHA assumed the total operational and capital costs of 20,000 unsubsidized public housing units. Since 2008, NYCHA has leveraged federal programs, such as Section 8, to create new federal funding streams to support 15,000 apartments. But NYCHA will spend a total of \$68 million this year alone to operate the remaining **5,000 unfunded, former City- and State-subsidized public housing units.**

NYCHA's largest operational expenses are the most uncontrollable, and the most vital to our daily operations: **employee benefits** and **utilities.**

[Referring to our historical headcount and expenses chart:]



You'll see that even with central office headcount *going down* by 13 percent over the past decade due to attrition and transfers to other City agencies, our health care and pension costs have *increased* by 70 percent during that same period. The soaring costs of health care and pensions are a major obstacle to solvency, setting us up for a structural deficit year after year.

Similarly, NYCHA is beholden to the market for utilities, which is volatile, variable, and unpredictable.

In 2016, NYCHA budgeted \$705 million, or *30 percent* of the entire operating budget, for employee fringe expenses, and a *quarter of the budget*, or \$600 million, on utilities.

NYCHA's Financial Status

While there are many factors impacting NYCHA's budget that we cannot control, there are many ways we can control our finances.

At last year's budget hearing in March, we projected a \$100 million deficit for 2015. Later, when we released the NextGen strategic plan in May 2015, our revised projections showed a \$74 million deficit for 2015.

In fact, in 2015, thanks to NextGen initiatives and the generous support of a mayor who recognizes the importance of NYCHA's success, **we achieved a one-time surplus of approximately \$61 million.**

Let me be clear – this surplus will not be reoccurring and it does not mean NYCHA is now whole. Sixty-one million dollars represents *2 percent* of NYCHA's operating budget – it could cover the cost of our operations for about 7 days. This one-time surplus was primarily due to the Mayor forgiving \$28 million in payments to the City that we had already paid in 2014 and forgiving an additional \$33 million in payments for this year. City payment relief now exceeds \$100 million a year, the majority of which is forgiveness of NYPD payments. **This payment relief is a NextGen strategy** aimed at reducing payments to the City and keeping more money for vital operations.

Additionally, NYCHA received a \$39 million reimbursement from HUD for energy efficiencies from energy conservancy measures. We also saved about \$34 million in utility costs by replacing some mobile boilers with boilers that run on gas (and due to a warmer than average winter season).

A surplus this year is a bright bud in our slow awakening. HUD recommends having four months of operating reserves. We currently have **2.6 months** of operating reserves; last year, we had only **four weeks** of reserves.

NextGen strategies are helping to chip away at NYCHA's deficit. Although we have revised our forecast for the total revenue that a range of NextGen strategies will bring to the Authority in 2016 from nearly \$108 million to about \$74 million, these initiatives are making a fundamental difference now, and in the years to

come. If Mayor de Blasio had not forgiven NYCHA's long-standing payments to the City, for instance, we'd confront an additional \$100 million gap every year. Without the totality of the other NextGen strategies we're instituting, we'd face an impossible \$320 million deficit in the year 2019. Consider the incredibly tough decisions we would have to make in that scenario. But with NextGen, we can reduce NYCHA's deficit by a total of more than \$1 BILLION over the next five years.

Our outlook for this year demands that we continue implementing our NextGen strategies for the sake of financial sustainability: We are projecting a \$60 million operating deficit for 2016, with anticipated revenues of \$3.32 billion and anticipated expenses of \$3.38 billion. This gap is due, in part, to the increased employee health care and pension costs, the 5,000 unfunded units, and federal underfunding.

NYCHA: Putting Funding to Work

NextGeneration NYCHA is about fundamentally changing the way we do business, so that we can overcome severe financial challenges and better serve residents. Through that lens, we are writing a new chapter on how we administer our resources. Old perceptions are hard to overcome, but in today's reality, NYCHA is putting more dollars to work faster, more efficiently, and more responsibly. That is readily apparent in the way that we are moving capital projects forward, driven by a new and improved planning process informed by industry best practices.

NYCHA's 2016 capital plan allocates approximately \$5.6 billion for infrastructure improvements and major upgrades over the next five years. The bulk of this funding – 75 percent – will go toward structural and exterior work, such as roof and facade repairs.

HUD capital funding comprises 31 percent of our five-year capital plan. Funding from the City constitutes 12 percent. Unfortunately, NYCHA's federal capital funding has been steadily declining since 2001 – we've been shortchanged a total of more than \$1.2 billion since then.

More than half – *55 percent* or \$3 billion – of the five-year capital plan is comprised of FEMA funding to repair and make more resilient the 33 developments that were severely damaged by Hurricane Sandy. **Building a more resilient NYCHA after Sandy – a NextGen strategy** – was finally made possible after three years of negotiating with FEMA for the largest grant award in the agency's history. Residents living in Sandy-impacted developments have waited long enough, so we've quickly put those dollars to work. We started preliminary construction at 16 developments and expect to have shovels in the ground at all 33 sites by the end of the year. More than 200 severely damaged apartments at 10 developments have been restored and returned to the rent rolls so far.

NYCHA isn't just repairing Sandy-impacted buildings – we're also rebuilding our relationship with these residents, through meaningful engagement, outreach, and communication. Just last month, the *Red Hook Star-Review* described NYCHA's meeting with Red Hook residents as the "best NYCHA meeting ever," because the Authority presented proposed design changes that were based on resident feedback from previous meetings. We are **actively listening**, which is why we also launched the interactive Sandy Transparency Map – a digital accountability and communications tool that allows the public to track the progress of Sandy projects, including estimated funding levels, scope of work, timelines, renderings, and contractor information.

Transparency and accountability doesn't stop with our Sandy projects: We've also started posting information on our awards and active capital contracts on our website for the first time in the Authority's history, as part of our commitment to

be a more open and transparent NYCHA and as a direct result of our conversations with this Committee. This type of transparency is critical as we get to work on major capital projects, including our roof replacement campaign.

Through roof replacements, a NextGen strategy, NYCHA is tackling mold head-on and combating its leading root cause – leaks. Thanks to a \$300 million investment from the Mayor, we will replace an estimated 267 roofs over the next several years, meaning that nearly 64,000 residents will benefit from healthier, stronger buildings. Within the past year, we've completed roof replacements at 16 buildings, and we expect to complete work at a total of 67 buildings by spring 2018.

As we build better roofs and infrastructure, we are also building healthier, safer, and more connected communities. **The Mayor's Action Plan for Neighborhood Safety (MAP) is a NextGen strategy that brings together a variety of partners to reduce crime through a range of measures.** Violent crime is down by more than 11 percent at the 15 MAP sites. Thanks to funding from the Mayor, the Council Speaker, and the Manhattan DA, we will install new, energy-efficient exterior lighting at all 15 MAP developments. We installed 341 lights at Polo Grounds Towers – a \$4.8 million project – and projects at another eight sites are underway, six of which will be completed by the end of the year. With \$18 million in funding from the City Council and the State, we installed nearly 1,000 CCTV cameras, along with layered access security measures, at 31 developments last year. This year, we will begin installing security cameras at 23 sites with \$10 million in City and State funding.

Since technology alone won't improve safety in our communities, we also launched the **Public Safety Advisory Committee**, an advisory board comprised of NYCHA's Department of Public Safety, the NYPD, District Attorneys from all five boroughs, and three NYCHA residents. We want to elevate the voice and impact of younger residents on safety issues, so two of the residents will be between the ages of 18 and 24. The Advisory Committee will produce a Public Safety

Blueprint, which will identify top public safety and quality of life challenges and solutions and incorporate current initiatives, such as MAP. We know residents have to be at the table for these important conversations. As **Woodside Resident Association President and leader of NYCHA's Citywide Council of Presidents Ann Cotton Morris** put it, "NYCHA is opening a direct line of communication" with our leaders and residents to better protect the community.

As we improve safety, we are also improving our sustainability as well. We selected the initial energy services company to replace and repair outdated infrastructure – such as heating systems – at 80 developments, home to 76,000 families, through the largest energy savings program ever undertaken by a public housing authority. Actual construction will begin later this year. A more sustainable NYCHA means improved quality of life for residents and a greener City for all.

NextGen: A Path to Budget Solvency

As I described earlier, the world that NYCHA is navigating today is very different than that of yesteryear. Every aspect of NYCHA's funding has changed — as high up as the President's budget, Congressional appropriations, and HUD's allocations, and all the way down to State and City operating dollars. Facing this reality head-on, we launched NextGeneration NYCHA to get our financial house in order so that we can preserve public housing. We are *owning* our reality and NYCHA's fiscal crisis, which we did not create, but inherited. The fact is, as the *Daily News* put it, "there is no NYCHA fairy" coming to save us, so we must save ourselves. We will continue to fight for every government dollar, but in the meantime we must generate new streams of funding for NYCHA. If we don't, the consequences will be dire.

Another **NextGen strategy** and tool we're leveraging to bring in new resources to upgrade buildings and improve the quality of life of residents is **HUD's Rental Assistance Demonstration program, known as RAD**. Through RAD, NYCHA will partner with a developer to convert a development's funding source from public housing funds to Section 8, a program that can be leveraged to raise additional resources to repair buildings and modernize apartments. Funds generated through the RAD program will pay for comprehensive renovations, such as new kitchens and bathrooms, just as last year's Section 8 recapitalization program brought in new funding to make critical repairs and upgrades to six communities, including Bronxchester Houses. Several Council Members will see those improvements first-hand in a tour of Bronxchester in the near future, and they will have an opportunity to meet **Patricia Lamonda, the development's Resident Association President**, a huge champion of the Section 8 recap program. Like many others, she was skeptical of the change at first, but became a true believer when she saw the vast improvements, upgrades, and modernizations, as well as the change in mindsets of the entire community, who are more proud than ever of their homes.

We will bring these same types of improvements to Ocean Bay Apartments (Bayside) in Far Rockaway through RAD. Last month, we released an RFP for developer partners to complete major repairs and upgrades to the development's buildings and 1,400 apartments.

When this Committee held a hearing at Holmes Towers in January, we provided background and an update on **NextGen Neighborhoods, our NextGen strategy** to generate revenue for NYCHA and bring improvements to developments by building a 50/50 mix of affordable and market-rate housing on NYCHA land, starting with Holmes Towers and Wyckoff Gardens. We have been meeting with residents to learn their priorities, and this spring we will launch Stakeholder Committees so residents and other members of the community can work directly with the developers to help inform and oversee these projects.

While this may be the most headline-grabbing NextGen initiative, it's just one of many that will bring the Authority into the future.

In addition to finding new streams of funding, we are looking inward to ways we can save much-needed resources. In 2015, we integrated 56 employees into other agencies and ended the year with 226 fewer staff, mostly due to attrition.

Becoming the Landlord Residents Deserve

Our work to change the way we operate is key to our NextGeneration vision, crucial for our success in becoming a better landlord for residents, and a testament to the way we are maximizing our limited funding. We've been deeply engaged on this front this past year, from advancing a new property management model to unveiling FlexOps, which my colleague, Resident Board Member Victor González, will discuss. I'd like to invite him to join me at the table at this time.

OPMOM (the Optimal Property Management Operating Model) is a NextGen strategy that is empowering local property managers at 18 consolidations, or 33 developments, to build their own budgets, hire their own staff, and gain more control of purchasing and contract work. The average time it takes to complete a maintenance request at these sites has gone down to under 7 days from 21 days. Emergency repairs at these developments are being completed within an average of 20 hours, beating our target of 24 hours. Starting this summer, we will nearly double the number of developments under this localized operating model.

Since launching our real-time repairs program last June, NYCHA has inspected about 38,000 apartments and performed 42,500 routine repairs at the time of inspection – repairs such as the installation of smoke detectors and plumbing fixes. We are repairing on the spot 70 percent of the work identified during the

apartment inspection; this includes any maintenance work orders that were open prior to the inspection.

Since we are talking about repairs, an area of our work that is felt most directly by residents, I wanted to bring a resident voice to the hearing today. I'd like to introduce Mr. Victor Antonio González, a Wise Towers resident for almost a half century and a NYCHA Board Member who knows just about all there is to know about living in public housing.

[TESTIMONY FROM BOARD MEMBER GONZÁLEZ]

Thank you, Chair. Good morning, everyone.

My name is Victor Antonio González. I am a NYCHA Resident Board member and a public housing resident. Thank you to the Council and the Chair for allotting me time within her testimony to address the Committee today. It is a tremendous honor.

I've lived in public housing for more than 50 years. During that time, I've seen support for public housing come and go through eight presidents and governors. I've also had a front row seat while seven mayors and 11 NYCHA Chairs managed the Authority's growing problems amidst declining funding support.

My NYCHA story begins in the early 1970s, at Wise Towers on the Upper West Side. I moved into Wise when the building was just a few years old and still considered new.

It was a very different time back then.

We didn't have work orders or backlogs or a CCC. We had a property management office. If you had a problem, you would go down to the office to talk face to face. Before you even finished stating the problem, you would have to rush back to your apartment because a crew was on its way to take care of it. In those days, local management made local decisions. Back then, NYCHA had the funds and adequate personnel to stay on top of maintenance and repairs the way they should.

But with every year, the challenge of underfunding grows.

Money would be the most direct way to do good. Unfortunately, it's very clear that NYCHA does not have adequate federal funding – and probably won't

anytime soon – which is why the Authority has the responsibility to think outside the box.

Last week, NYCHA took a big step. The Chair introduced Flexible Operations: Expanded Service Hours, or FlexOps, a new staggered shift initiative to extend the hours for repairs, cleaning, and sitting down with property managers. Now, it's not like I remember when managers worked every day of the week, but the service hours laid out in FlexOps will help NYCHA start to return to a time when customer service was key to operations.

As a resident myself, I know that NYCHA residents won't actually believe NYCHA is changing until they see it happen. I believe FlexOps is a crucial way they can see it for themselves. Thank you.

[CHAIR]

Thank you, Mr. González. I appreciate his thoughts, and couldn't agree more about the change FlexOps will deliver to both residents and employees.

Conclusion

We've come a long way in the last two years, but it's not far enough. In NYCHA's fight for survival against staggering capital needs and looming deficits in the years to come, including a projected \$60 million operating deficit this year, we need to make bold and tough choices.

For more than eight decades, NYCHA has been a pathway to opportunity for countless New Yorkers. As the City's largest resource of affordable housing – home to 5 percent of the population and representing half of our truly affordable apartments – it must be here to serve tomorrow's families.

So we must change the way NYCHA is funded to keep our buildings standing. We must change the way NYCHA operates to become the landlord our residents deserve. Those are our imperatives – doing anything less would be a dereliction of our duty.

I want to take a moment to recognize and thank this Committee, and the Chairman in particular. It's your job to ask the tough questions and bring greater accountability and transparency to NYCHA. As the Chair, I'm doing the same from my post. In the end, our mutual goal is to improve NYCHA, to better serve residents. At times there may be differing views about how to achieve those goals, but I believe we can accomplish them if we do it together, in partnership.

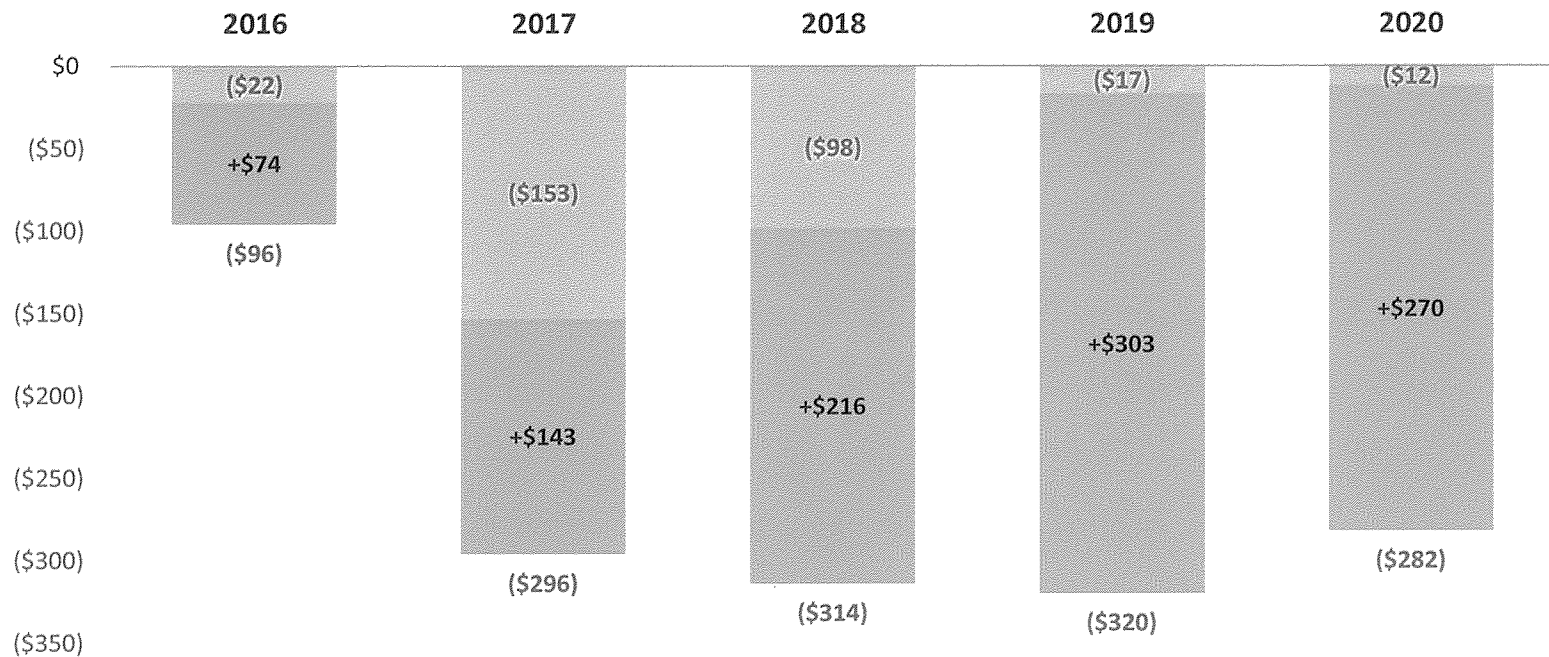
Thank you for your vital role in our work to strengthen and sustain public housing in New York City. We are happy to answer any questions that you may have.



NextGen NYCHA impact

(\$ Millions)

Without NextGen initiatives, NYCHA would reach a \$320M operating deficit by 2019



C E N T E R
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I N N O V A T I O N

Center for Court Innovation Testimony
New York City Council
Committee on Public Housing Preliminary Budget Hearing
March 28, 2016

Good afternoon Chair Torres and Members of the Committee on Public Housing. My name is Ignacio Jaureguilorda and I am the Director of Poverty Justice Solutions at the Center for Court Innovation. Thank you for giving me the opportunity to speak today.

The Center for Court Innovation supports the Council's efforts to bring more justice to communities throughout the city. For nearly 20 years, the Center has been engaged in the same effort: working to reduce the use of incarceration and reduce recidivism through innovative programming at our neighborhood-based Youth and Community Justice Centers. Our projects, like the Red Hook Community Justice Center and Bronx Community Solutions, have been documented to improve public safety and reduce the unnecessary use of incarceration for low-level offenders.

A vast majority of the individuals who come through our Youth and Community Justice Centers have roots in public housing. Our Justice Centers serve public housing residents in neighborhoods in all five boroughs in New York City. For example, the Red Hook Community Justice Center's catchment area covers three NYCHA developments totaling more than 10,000 residents, while the Harlem Community Justice Center provides services to the residents in an area with the second largest concentration of public housing in New York City. Both Justice Center's operate Housing Resource Centers to assist NYCHA residents with repairs, rent payment, and housing court cases. Our Housing Resource Center staff act as liaisons between NYCHA, tenants, and the Judge, particularly in cases where tenants request repairs.

In addition to housing court resources, our Community Justice Centers offer a variety of other programs and services to public housing residents. Brownsville is home to the largest concentration of public housing in North America, with 18 different developments and over 130 buildings. Through anti-gang and gun violence work, the Brownsville Community Justice Center is involved in comprehensive economic development efforts in the neighborhood, which include a close partnership with area business leaders, as well as community engagement work that engages public housing residents. In Harlem, the Harlem Justice Corp, a program for justice-involved young people seeking employment, education services, and meaningful opportunities to serve their community, serves many young men and women who reside in NYCHA housing. In Red Hook, the Red Hook Peacemaking Program fills the gap in available conflict resolution available at the Red Hook Houses—despite its high population density, there are no community-based dispute resolution service on-site within the houses. As a result, when conflicts arise, community members must either turn to police or deal with the problems themselves. In response, the Peacemaking Program brings together community members affected by a crime or offense and allows them to “talk it out” and reach a consensus agreement. In Crown Heights, Bed Stuy, and the South Bronx, our cure violence—community based efforts to end gun violence—work with many public housing residents.

The Center for Court Innovation is seeking the City Council’s support for \$1 million dollars for fiscal year 2017 to continue our core Community Justice operations and to provide support for initiatives focused on victim services and access to equal justice the city’s most vulnerable New Yorkers.

With much needed support from the City Council for more legal services, the number of unrepresented tenants in housing court began to edge downward. Still, tens of thousands of tenants – most of them families with children – have no choice but to fend for themselves in housing court. In response, Poverty Justice Solutions engages recent law school graduates in two-year fellowships with New York City civil legal service providers, to serve nearly 4,000 people a year. With Council support, the Center for Court Innovation would expand the program to help thousands more low-income New Yorkers remain in their homes.

Women and transgender individuals who are victims of commercial sexual exploitation, trafficking, and prostitution find themselves in the criminal justice system labeled as “defendants.” In response, the Center has piloted a host of innovative programs that treat New Yorkers trapped in a cycle of exploitation, as victims, rather than perpetrators. With Council support, the Center would expand these services, adding capacity at existing sites across the city and piloting new initiatives in underserved communities.

The Center for Court Innovation looks forward to continuing to work with the New York City Council to strengthen neighborhoods and develop new ways to create economic sustainability among justice-involved individuals that benefits all of New York City. We respectfully urge you to continue to support our work and thank again for the opportunity to speak. I would be happy to answer any questions you may have.



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**Testimony of United Neighborhood Houses
Before the New York City Council
Committee on Public Housing
Honorable Ritchie Torres, Chair**

**Presented by Gregory Brender, Co-Director of Policy & Advocacy and
Nora Moran, Policy Analyst**

March 28, 2015

Thank you for convening today's hearing. United Neighborhood Houses is New York City's federation of settlement houses and community centers. Rooted in the history and values of the settlement house movement begun over 100 years ago, UNH promotes and strengthens the neighborhood-based, multi-service approach to improving the lives of New Yorkers in need and the communities in which they live.

UNH is eager to work with the City Council to preserve and improve services for public housing residents, and we propose an initiative to work with NYCHA residents in order to protect vital social services that are at risk due to NYCHA's NextGeneration plan.

Background

UNH's 38 member agencies have a strong commitment to public housing and to the residents living in public housing developments. During the early 20th century, settlement house leaders were strong advocates for the creation of public housing in New York City. The early leaders of the New York City Housing Authority (NYCHA) included settlement house pioneers such as Mary Simkovitch, NYCHA's first vice-chair as well as the founder of Greenwich House, a UNH member agency. Currently, settlement houses provide on-site services in 56 NYCHA developments, and serve and employ NYCHA residents in nearby locations. Services include early childhood education, after-school and youth enrichment programs, services for older adults, and other programs tailored to meet the specific needs of the communities they serve. Settlement houses support a comprehensive vision for public housing as not only a place to live but as strong communities that support resident well-being and engagement in civic life.

While New York City's public housing faces incredible challenges, it nonetheless continues to defy a popular but false narrative that public housing is doomed to fail. In many other cities, large public housing developments have been demolished and the land cleared, displacing

residents and leaving them homeless. In New York City, residents and community leaders are fighting to preserve every unit of public housing, as it is key to ensuring the affordability of New York City over time.

There are well-documented maintenance issues within NYCHA developments, and residents are often faced with delayed repairs and substandard living conditions. We take this issue seriously and urge NYCHA to resolve infrastructure issues identified by tenants in an expeditious manner.

Nonetheless, a large part of the success of public housing in New York City comes from NYCHA's partnership with community based organizations, like settlement houses, that provide services in and near NYCHA developments.

Settlement Houses Serving in Public Housing Communities

Community-based organizations working in NYCHA developments serve a dual role of helping to foster community while providing core services that every community should expect. They ensure that NYCHA residents are able to access early childhood education, after school programs, community centers, and senior supportive services in settings that are close to home.

As positive forces for community inclusion and change within NYCHA developments, settlement houses have a strong sense of the issues facing NYCHA residents. Settlement houses are already working within 56 NYCHA developments, providing services to residents and families of all ages. To provide some examples, settlement houses are operating Naturally Occurring Retirement Communities (NORCs) in 10 NYCHA developments, ensuring that older residents can age in place in their homes. To promote food access, settlement houses are designing programs that promote food access to nutritious food for NYCHA residents in neighborhoods that are poorly served by supermarkets. They bring multi-service and multi-generational program models into Cornerstone Community Centers. Settlement houses also provide nighttime services for teenagers as part of the Mayor's Action Plan to Address Violence in Public Housing. The settlement house model—working alongside community members in order to provide services that strengthen and empower the entire community—is well-poised to address the service gaps that are growing in NYCHA developments.

Community Based Organizations and NYCHA's NextGeneration Plan

Due to fiscal constraints over the last decade, NYCHA has significantly scaled back and in many cases, eliminated support for the services that it had once provided for its residents. This trend is set to continue with NYCHA's NextGeneration Plan which further consolidates the agency's resources in critical infrastructure needs.

The NextGeneration Plan seeks to streamline NYCHA's workforce by consolidating or eliminating staff members whose role is to serve residents through social services and reduce support for non-profit organizations operating in NYCHA developments. Already NYCHA has transferred many of its responsibilities as a landlord to its non-profit tenants such as repairs of sprinklers and upkeep of fire extinguishers.

The changes that NYCHA has begun to implement and others which it has announced as part of NYCHA NextGeneration create a service gap for public housing residents.

Recommendations

Settlement houses are interested in partnering with the City Council to preserve valuable at-risk services for NYCHA communities as well as increase outreach to and services at the NYCHA developments where they operate. As such, we urge the City Council to implement an initiative to address the service gaps created by NYCHA's consolidation of resources.

As part of this initiative, settlement houses would work with members of the City Council and residents in their communities to fill service gaps in public housing communities. Examples of the work that could be done include:

- Expanding family counseling services to replace services lost due to the reduction of NYCHA's Family Support Unit;
- Hiring outreach workers and violence interrupters to get young people off the streets and into Cornerstone Community Centers operated in public housing developments;
- Hiring specialists to help public housing residents with benefits enrollment;
- Bringing school navigators and college counselors into NYCHA-based after school programs to help kids in public housing determine educational choices that will work for them;
- Providing broader support to families enrolled in early childhood education program in NYCHA developments;
- Providing services to older adult residents in light of recent NYCHA senior center closures;
- Connecting NYCHA residents, including young people, to employment opportunities; and
- Developing programs which promote access to nutritious food for public housing residents in neighborhoods that are poorly served by supermarkets.

Thank you for considering this proposal and we look forward to working with you. We are happy to take any questions.

My name is Gregory Floyd. I am the elected President of Local 237 Teamsters.

Our union represents more than 23,000 public sector workers including over 8000 NYCHA employees. We are the largest local union in the powerful International Brotherhood of Teamsters of which I also serve as a Trustee.

Thank you for this opportunity to appear before you today.

You as elected officials are now being asked to support something called Flex-Ops at NYCHA. You have been told the lie that with no increase in its numbers, a largely minority women labor force of caretakers, with changed working hours, will somehow alter failed NYCHA management practices.

You have also been told the additional lie that Local 237 Teamsters and its members agreed to those changes.

Those who told you such things are liars. They are trying to pit you, public officials, against us, union members.

This unilateral act by NYCHA is union busting. It violates our contract. Flex-Ops is a public relations stunt that will actually provide fewer workers not more. It will injure and endanger the largely minority women labor force by reducing existing day care options while forcing those women to work hours when more violence occurs at poorly managed and violence prone NYCHA sites.

It is just dumb. Anti-union. Anti-common sense.

Why do this? It is a way for NYCHA to throw responsibility for their failures onto underpaid NYCHA workers. Blame NYCHA workers and hide management incompetence. This is all a rehearsal for the real plan. Prepare to hear that only privatization will solve NYCHA issues. And that also will be a lie.

We will fight because we are the people who have actually done the work to keep NYCHA operating despite underfunding and bad management. We will fight to protect collective

bargaining rights in this City and to protect New York's true affordable housing. We ask you to join with us in this battle to save NYCHA from its incompetent management. We ask you to demand the truth from NYCHA, not the lies you have been told.

We are Teamsters. We are prepared for a long battle against these lies, against union-busting NYCHA management, against this assault on collective bargaining. We hope you will join with us. Again, thank you for this time today and I am happy to answer as best I can any and all questions you might have about Flex-Ops, the NYCHA assault on collective bargaining which is a union-busting public relations fraud.

Executive Summary of Facts and Legal Issues Related to NYCHA's Unlawful Unilateral Implementation of the "FlexOps" Program

On March 23, 2016, opting to ignore the statutorily-protected collective bargaining rights, personal well-being and safety of thousands of its employees, many of whom are among the most vulnerable New Yorkers, NYCHA announced to the press – without contacting Local 237 - the unilateral implementation of the "FlexOps" program. FlexOps, which will *not* result in any cost savings to NYCHA, will have the gravest impact on the Caretakers--the janitors who sweep, clean and handle trash in the NYCHA developments.

In instituting FlexOps, NYCHA is unilaterally imposing a contract change that it tried, and failed, to obtain in 2014 collective bargaining negotiations. Those most affected by the change are not the Maintenance Workers, as NYCHA has touted in the press, but rather the Caretakers, many of whom are black and Hispanic single mothers and fathers. Contrary to NYCHA's PR blitz, the Caretakers do *not* make the repairs in resident apartments. Rather, the Caretakers, approximately one-third of whom live in the NYCHA developments, are the janitors who clean floors and handle trash in the stairwells and basements, the most dangerous locations in the developments. FlexOps will eliminate the current 8:00 a.m. to 4:30 p.m. schedule for Caretakers--that has been in the contract and followed for more than 40 years-- and require thousands of them to begin their work day at 6:00 a.m. or end their work day at 8:00 p.m.

Local 237 told NYCHA on numerous occasions that this schedule change would upend the lives of the Caretakers who have organized their lives, their families' lives and their childcare responsibilities around their contractually-guaranteed schedule. Pointing out that the City childcare centers are not even open at 5:00 or 5:30 a.m., when workers would have to leave their homes, Local 237 asked NYCHA to staff the new schedules with volunteers and newly hired employees who could accept the job with knowledge of the extended hours. Local 237 urged NYCHA not to put current workers to the choice of either leaving their children unattended at home, alone in the bus line or alone in line at the day care center--or lose their job. Focusing only on the PR value of a shiny lobby rather than on the lives of its workers, NYCHA would not budge.

The decades of languishing and utter disrepair of NYCHA developments, causing horrific living and working conditions, regular pipe bursts, leaks, toxic mold, and insect and rodent infestation, are well known. What is not as well known is that the basic security features in the developments that affect residents and workers alike--indoor and outdoor lighting, locks on doors and windows, surveillance cameras and radios--are in a similar state of disrepair. These abject security failures in NYCHA developments are critically important to the workers because the crime rate in NYCHA developments is exponentially higher than anywhere else in New York City. By forcing employees to arrive at 6:00 a.m. and stay until 8:00 p.m., often in darkness, working alone in unlit stairwells and unlocked basements where criminal activity is the norm, NYCHA is causing an imminent and profound threat to the safety and lives of these employees.

Local 237 asked NYCHA, before implementing any schedule changes, to partner with Local 237 to create a viable safety program that would include repairing broken lights, broken locks and doors, broken surveillance cameras and inoperable radios. These basic safety measures would benefit residents and employees alike. NYCHA rejected Local 237's proposal.

On March 23, faced with an intransigent Authority that was directly placing its employees in harm's way, Local 237 filed an Improper Practice Petition with the New York City Office of Collective Bargaining ("OCB") demanding that NYCHA rescind its unlawful unilateral schedule change and requesting that OCB seek an injunction in state court to ensure the safety of Local 237 members.

In addition to daily reports of shootings, rapes, robberies and other violent crimes in NYCHA developments, press reports recently revealed that NYCHA failed to comply with a 2013 court order requiring remediation of toxic mold throughout its apartments, and is currently under Federal investigation for possibly violating the False Claims Act by making false statements to the federal government regarding lead levels in NYCHA apartments in order to obtain federal funds. Viewed in this context, FlexOps, in addition to destroying a 40-year collective bargaining agreement, must be seen as what it is--an attempt to distract attention from these critically serious issues. And the consequence of this distraction is putting a dedicated workforce, most of whom are among New York's most vulnerable citizens, directly in harm's way.

Factual Highlights:

- **NO ADDITIONAL SERVICES:** While NYCHA's claims that FlexOps will deliver expanded services to residents, it actually will provide them with *less* services than under the current schedule. Because NYCHA refuses to hire any additional staff, it is simply spreading out the existing workforce over an additional 4 ½ hours during the weekdays and on Saturdays. This results in less staff being available at any given time to address residents' needs.
- **ENDANGERING WORKER SAFETY:** From 2009 to 2013, NYCHA properties saw a 31% increase in major crimes, while the major crime rate for the rest of New York City increased by only 3.3%. Although NYCHA developments are home to approximately 5% of New York City residents, 15% of all NYC homicides, 11% of all rapes, and 10% of all felony assaults occur on NYCHA premises. New York City residents are *four times* more likely to be shot on NYCHA premises than in the City as a whole. In these circumstances, it is *not* acceptable to require employees to work alone, often in the dark when few people are around, in isolated areas such as basements and stairwells without functioning locks on exterior doors, working lights, functioning security cameras or working radios that would allow workers to call for help.
- **FAILED SAFETY ASSESSMENTS:** In January 2016, in order to evaluate the safety issues implicated by NYCHA's schedule change proposal, NYCHA and Local 237, along with an outside premises security expert retained by Local 237, performed joint safety assessments of 11 developments that NYCHA had selected. In addition to rat-infested basements, deplorable working conditions, stairwells and basements with evidence of vagrants and criminals living there, and scalding water pouring on a walkway where Caretakers must walk, the parties found pervasive safety deficiencies throughout *every* development, including:

- Broken locks and/or doors that allowed unrestricted access to the residential buildings;
 - Broken interior and exterior lights;
 - Basements that lack emergency lighting;
 - Non-functioning security cameras;
 - Radio dead-zones where emergency communication was impossible;
 - Gang-related graffiti, drug paraphernalia, urine, feces, and signs of loitering in the hallways, basements and stairwells where Local 237 members perform their daily tasks.
- **CRIME AGAINST LOCAL 237 MEMBERS:** In the past several months, in addition to over a dozen-widely reported shootings, stabbings and rapes occurring on NYCHA property, including attacks against residents and NYPD Officers, there have been at least a dozen violent attacks against NYCHA employees. Given the pervasive culture of non-reporting created by NYCHA, the actual number of attacks is likely much higher. For example:
- (a) In June 2015, a Caretaker was robbed at a Housing development in Manhattan.
 - (b) In August 2015, a Caretaker was assaulted at a Housing development in Manhattan, and another Caretaker was assaulted at a Housing development in Brooklyn.
 - (c) In October 2015, a Caretaker was robbed in a Housing development in the Bronx, and another Caretaker was assaulted at a Housing development in the Bronx;
 - (d) In December 2015, a Caretaker was strangled, robbed and left unconscious in the lobby of a Housing development in the Bronx, and another Caretaker was assaulted at another Housing development in the Bronx;
 - (e) In January 2016, a Caretaker was attacked from behind and struck with a heavy object on the back of the head at a Housing development in Brooklyn;
 - (f) In February 2016, a Maintenance Worker was assaulted at the a Housing development in Brooklyn, and a Caretaker was robbed in another Housing development in Brooklyn;
 - (g) On March 1 2016, two Caretakers were assaulted one at a Housing development in Brooklyn and one in a Housing development in Manhattan.

Legal Highlights:

- **CONTRACTS CONTAIN BINDING LEGAL OBLIGATIONS:** For more than 40 years, NYCHA and Local 237 have had a collective bargaining agreement in place that guarantees an 8:00 a.m. to 4:30 p.m. Monday through Friday schedule for Caretakers. This contractual guarantee is a binding legal obligation that the parties must respect. Although NYCHA may set a “special schedule” for “an employee” if needed, this has only been done in snow, hurricane and other emergency situations, where a small number of workers have been paid overtime, or for approximately 20-25 workers in community care centers, which are not part of the general NYCHA operation. Never has NYCHA instituted a wholesale (not “special”), structural schedule change for the entire workforce.
- **NYCHA’s UNLAWFUL UNILATERAL CHANGES:** Under the New York City Collective Bargaining Law (“NYCCBL”), it is unlawful for an employer to make unilateral changes to matters within the scope of bargaining. By unilaterally implementing the FlexOps program to obtain a contractual change it could not secure in bargaining, NYCHA has callously disregarded the statutorily-protected rights of Local 237 members to collectively bargain through their chosen representative, in violation of the NYCCBL.
- **NYCHA’s UNLAWFUL REFUSAL TO BARGAIN OVER SAFETY:** Under the NYCCBL, an employer is also required to bargain over the practical impact that its decisions have on employee safety. Although NYCHA and Local 237 engaged in a series of discussions regarding employee safety under the FlexOps program, NYCHA refused to agree to fix any of the safety issues identified by Local 237 prior to implementation of the expanded schedule under FlexOps. It thereby failed to meet its obligation to bargain, and unlawfully implemented the changes before a legally-binding OCB impasse panel decision.
- **NYCHA’s UNLAWFUL REFUSAL TO PROVIDE INFORMATION:** In order to evaluate the threat that the schedule change posed to employee safety, Local 237 requested, on multiple occasions, information showing the number or rate of criminal incidents that occur on NYCHA property during the expanded hours that Local 237 members would be working under FlexOps,. NYCHA failed to provide this information even though it has access to it under a MOU with the NYPD. By refusing to provide the information that Local 237 requested, NYCHA violated the NYCCBL.
- **REQUEST FOR AN INJUNCTION:** In light of the widespread unsafe conditions at NYCHA’s developments and NYCHA’s refusal to agree to address these issues prior to forcing employees to begin working in smaller numbers, early in the morning and late in the evening (often in darkness) in the most dangerous locations in New York City, NYCHA is subjecting Local 237 members to immediate and irreparable harm. , In order to ensure the safety of its members, Local 237 requested that OCB seek an injunction in state court to prevent NYCHA’s unlawful unilateral implementation of expanded hours under FlexOps.



FOR THE RECORD

**Testimony of Judi Kende
Vice President & New York Market Leader
Enterprise Community Partners, Inc.**

**To the New York City Council
Committee on Public Housing
Preliminary Budget Hearing
New York City Housing Authority**

March 28, 2016

On behalf of Enterprise, I would like to thank Chair Torres and the City Council Committee on Public Housing for the opportunity to testify on the preliminary budget for the New York City Housing Authority (NYCHA). Enterprise is a national non-profit organization that provides capital for affordable housing and community development, advocates for policies that advance these goals, and supports local groups working on these issues. Since our New York office opened in 1987, we have committed nearly \$3 billion in equity, loans, and grants to help create or preserve nearly 50,000 affordable homes for 114,000 residents in the region.

Today's hearing is an opportunity to discuss priorities for New York's public housing in the coming year. Perhaps the greatest task facing our city is to preserve and improve the housing provided by NYCHA. Public housing must continue to be a stabilizing force and a connector to opportunity for so many across every borough in our city.

NYCHA is home to more than 400,000 New Yorkers, including some of our city's most vulnerable residents. Nearly half of NYCHA's residents are children or seniors, and the average annual income is \$23,000. Creating new housing for households at extremely low income levels is difficult given scarce resources and the high costs of land acquisition, construction, and ongoing operations in a market like New York. Vacancies for the few existing apartments affordable to families at these income levels are almost nonexistent. If we were to lose NYCHA, we would not be able to find alternative housing options for these families.

The threat of losing NYCHA units to decay or obsolescence is real. The \$17 billion in unmet capital needs and \$200 million operating deficit put NYCHA at risk of federal receivership and its properties at risk of further deterioration. More immediately, these funding shortfalls lead to conditions that threaten the health and quality of life for residents. NYCHA must move forward with its comprehensive plan to improve conditions in its properties, enhance efficiency in its operations, and generate additional revenue, as laid out in NextGeneration NYCHA.

Part of the solution is increased funding at the city, state, and federal levels. We commend the de Blasio Administration for ending NYCHA's Payments in Lieu of Taxes (PILOT) and payments to NYPD, and the Mayor's multiyear annual commitment of \$100 million to repair leaky roofs is an excellent start. This sets a baseline commitment on the part of the city to help support public housing financially, and dedicating funds to the most pressing capital needs, as determined by NYCHA's capital needs assessments, is the best use of scarce public resources.

We urge the Council to support the \$100 million commitment from the city again this year as a minimum. Additionally, we encourage individual council members to contribute part of their capital funds to the authority's capital needs as identified and prioritized by NYCHA. In turn, NYCHA should provide transparency and progress reports to the City on the work supported by its funding.

Enterprise commends the Council for its commitment to affordable housing, and for understanding that NYCHA is our city's greatest affordable housing resource.

Thank you, again, for the opportunity to testify.

Public

THE COUNCIL THE CITY OF NEW YORK

Appearance Card

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

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Shola Olatoye

Address: _____

I represent: NYCHA

Address: _____

Public

THE COUNCIL THE CITY OF NEW YORK

Appearance Card

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

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Victor Gonzalez

Address: _____

I represent: NYCHA Board Resident

Address: _____

THE COUNCIL THE CITY OF NEW YORK

Appearance Card

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

☐ in favor ☐ in opposition

Date: 3/28/16

(PLEASE PRINT)

Name: RUBEN TORRES

Address: _____

I represent: TEAMSTERS 237

Address: _____

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

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THE COUNCIL THE CITY OF NEW YORK

Appearance Card

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

☐ in favor ☐ in opposition

Date: 3/28/10

(PLEASE PRINT)

Name: GREGORY FLOYD

Address: _____

I represent: LOCAL 237 TEAMSTERS

Address: _____

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THE COUNCIL THE CITY OF NEW YORK

Appearance Card

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

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Gregory Brewer

Address: 70 N 36th St

I represent: United Neighborhood Houses

Address: 70 N 36th St

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THE COUNCIL THE CITY OF NEW YORK

Appearance Card

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

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Brian Clarke

Address: _____

I represent: MUCHA

Address: _____

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

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THE CITY OF NEW YORK**

Appearance Card

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

☐ in favor ☐ in opposition

Public

Date: _____

(PLEASE PRINT)

Name: Leonard Forzoli

Address: 91-48 220th street

I represent: Issues Council

Address: 91-48 220th street

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THE CITY OF NEW YORK**

Appearance Card

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

☐ in favor ☐ in opposition

Date: MARCH 28, 2016

(PLEASE PRINT)

Name: IGNACIO LAORECUILLORDA

Address: 520 8TH AVE, 18TH FL, NY, NY 10018

I represent: CENTER FOR COURT INNOVATION

Address: 520 8TH AVE, 18TH FL, NY, NY 10018

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

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

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Karen Cardinale

Address: _____

I represent: NYCHA

Address: NYCHA