

CITY COUNCIL
CITY OF NEW YORK

-----X

TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON FINANCE AND COMMITTEE ON HOUSING AND
BUILDINGS AND SUB COMMITTEE OF PUBLIC HOUSING AND TASK
FORCE ON OPERATIONS AND IMPROVEMENTS OF THE DEPARTMENT
OF BUILDINGS

-----X

May 28, 2009
Start: 10:16am
Recess: 1:50pm

HELD AT: Council Chambers
City Hall

B E F O R E:

DAVID I. WEPRIN
Chairperson

ERIK MARTIN DILAN
Chair, Housing and Buildings

ROSIE MENDEZ
Chair, Subcommittee on Public
Housing

JAMES S. ODDO
Chair, Task Force

COUNCIL MEMBERS:

Tony Avella
Maria Baez
Gale A. Brewer
Leroy G. Comrie, Jr.

A P P E A R A N C E S

COUNCIL MEMBERS:

Elizabeth Crowley
Bill DeBlasio
Lewis A. Fidler
James F. Gennaro
Vincent J. Gentile
Alan J. Gerson
Eric N. Gioia
Vincent Ignizio
Robert Jackson
Letitia James
G. Oliver Koppell
Melissa Mark-Viverito
Diana Reyna
James Vacca
David Yassky

A P P E A R A N C E S (CONTINUED)

Ricardo Morales
Interim Chairman
New York City Housing Authority

Earl Andrews, Jr.
Vice Chairman
New York City Housing Authority

Margarita Lopez
Board Member
New York City Housing Authority

Holly Light
Deputy Commissioner of Development
Department of Housing Preservation and Development

Molly Wassopark
Assistant Commissioner of Budget Division
Department of Housing Preservation and Development

Vido Mustachulo
Acting Deputy Commissioner for the Office of
Preservation Services
Department of Housing Preservation and Development

Robert Lamandry
Buildings Commissioner of New York City
Department of Buildings

Faht Manere
First Deputy Commissioner
Department of Buildings

Steven Kramer
Senior Counsel
Department of Buildings

Marilyn King-Festa
Deputy Commissioner of Operations
Department of Buildings

A P P E A R A N C E S (CONTINUED)

Gibb Serett

Legal Services Staff Association, Local 2320

Edwina Martin

Director of Communications and Government Relations

Legal Services NYC

Joseph Garber

Resident and Resident Leader

New York City Housing Authority

Katherine Tripani

New Destiny Housing Corporation

CHAIRPERSON DILAN: Good morning everyone. My name is Erik Martin Dilan and I am the Chairman of the City Council's Housing and Buildings Committee. This committee will have oversight hearings on the proposed FY10 budgets for the New York City Housing Authority. Then they'll be followed by the Department of Housing Preservation and Development. And then finally the New York City Department of Buildings.

The first portion of this hearing will be held in conjunction with the sub committee on Public Housing, which is chaired by my colleague Council Member Rosie Mendez, who is here. In today's hearing we hope to gain more details as to how the Housing Authority, which projects to have an approximately \$45 million deficit in the current fiscal year, how they intend to close this budget gap. We also look to gain more details on how HPD is progressing on meeting the goals of the Mayor's housing plan despite the current economic downturn.

The Committee is also interested in hearing on how both agencies, being NYCHA and HPD, plan on using federal stimulus funds and how it

1
2 will affect city services. Finally at the end of
3 the hearing, the Committee will hear from the
4 Department of Buildings and how the proposed
5 funding decreases their FY10 budget and how that
6 will affect the agency's performance. We will be
7 joined very shortly by the Chair of the Finance
8 Committee, Council Member David Weprin, who is in
9 route. And at this time I'd like to turn to the
10 Chair of the Committee on Public Housing, Council
11 Member Mendez for a brief statement.

12 COUNCIL MEMBER MENDEZ: Thank you
13 Chair Dilan and good morning. I have been the
14 Chair of the subcommittee on Public Housing for
15 three and a half years now, just shy of three and
16 a half years. During my time as Chair, the
17 Housing Authority has had budget deficits as high
18 as \$195 million and now as low as \$45 million.
19 Through the years the Housing Authority has taken
20 many measures, some of them unpopular, to close
21 this budget gap and I think we're heading in the
22 right direction.

23 I have grave concerns now that we
24 are poised to be appropriately funded by
25 Washington that the Board of the Housing Authority

1
2 is going to be comprised by a majority of people
3 who have no housing experience. That is of grave
4 concern to me. Commissioner Lopez, you will be on
5 the Board as far as I know who has actual housing
6 experience so everything will rest on your
7 shoulders. All I can say is I know your shoulders
8 are strong and I rely on them.

9 Chair Morales, during the last five
10 months you have protected public housing and held
11 it during a period where it could have been in--it
12 was in transition. But cared for it and protected
13 it and we are moving forward ahead. I hope that
14 the administration finds an appropriate place for
15 you in the Housing Authority. I would like to see
16 you stay there in some capacity. During five
17 months you've done an incredible job to keep the
18 Housing Authority steady for all its residents.

19 Vice Chairman Earl Andrews as I
20 understand from the newspapers you will be leaving
21 and that is of sadness to me. I just look forward
22 to the Housing Authority maintaining, being the
23 premier public housing authority in this nation
24 because it is an important housing stock that we
25 have all been invested in. And I look forward to

hearing all of your testimony. Thank you very much.

CHAIRPERSON DILAN: The Chair of the Finance Committee, David Weprin has joined us.

CHAIRPERSON WEPRIN: Thank you Chair Dilan. This is actually the next to the last day of Finance hearings. I've been doing this for about three weeks now and Monday is the last day of budget hearings. And then of course we're going to have to go into some earnest negotiations. Obviously it's a tough year.

And it's always good to see our former colleague, former Council Member Margarita Lopez who when she was on this side of the hearing and she was an active member of the Finance Committee. I always looked forward to her questioning because her passion and her advocacy on behalf of the issues that she was concerned about and we were concerned about was so great. I always continue to admire her. And I'm glad to see her in this capacity. I know it's a tough situation with the Housing Authority but I know together we'll do our best.

The mandate of the New York City

Housing Authority is to provide, of course, affordable housing for low income New Yorkers. It does so by managing and maintaining 345 public housing developments with 181,000 apartments, housing approximately 420,000 authorized residents. New York City Housing Authority also administers Section 8 vouchers.

NYCHA's budget is not part of the city's budget and NYCHA's fiscal year follows the calendar year. NYCHA's baseline operating deficit for fiscal 2009 is approximately \$45.1 million. In January of 2008 the NYCHA Board passed a budget that include a projected deficit of \$198 million for fiscal 2009. Since that time NYCHA has undertaken numerous initiatives to reduce its deficit including workforce reductions, which resulted in a savings of \$48.7 million, the consolidation of 19 community centers, which resulted in a savings of \$2.4 million and \$6.5 million less in pilot payments to the city as a result of lower utility costs.

Despite these actions, though, NYCHA's deficit for fiscal 2009 was still \$171.7 million. Because NYCHA's budget, as I mentioned

is not art of the city's budget, and thus many relevant actions that we are aware of are a result of public announcements by NYCHA. I look forward to hearing from NYCHA about NYCHA's 2009 expense budget actions and how it will affect programs and services that are core to this great city.

Later this afternoon we'll be joined by the Committee on Cultural Affairs and the subcommittee chaired by Council Member Dominic Recchia and Vincent Gentile, respectively, to hear testimony from the library systems in New York and cultural affairs. Without further a due, we await your testimony.

RICARDO MORALES: Good morning everyone. First of all thank you for the kind words concerning the last five months. I appreciate that. Chairperson David Weprin, Chairperson Erik Dilan and Chairperson Rosie Mendez, members of the City Council, good morning. I am Ricardo Morales, the interim Chairman of the New York City Housing Authority. With me this morning are NYCHA's Vice Chairman, Earl Andrews, Jr. and Margarita Lopez and members of the senior management team.

For 75 years and I want to repeat that, for 75 years NYCHA has provided public housing in the City of New York. NYCHA owns and operates over 178,400 apartments and 338 developments throughout the city providing homes for more than 403,000 low and moderate income New Yorkers. NYCHA also administers the largest Section 8 program in the country. NYCHA's Section 8 program assists more than 95,000 families. NYCHA remains committed to its mission of providing decent and affordable housing for lower income New Yorkers, particularly during these difficult economic times.

When I last appeared before you in March, I presented an overview of NYCHA's preliminary financial plan for fiscal year 2009. In April of 2009 NYCHA's Board approved NYCHA's budget for the fiscal year of 2009. Today I will describe that budget and will update you with the steps NYCHA has taken since the last hearing to decrease its budget deficit. I will also tell you about NYCHA's upcoming plans for capital improvements, including elevator repair and replacement which will be accomplished in part

with funding NYCHA will receive from the American Recovery Reinvestment Act or the stimulus bill.

NYCHA continues to face a structural deficit as a result of federal government's failure to fully fund public housing operating of subsidies. From 2001 to 2009, NYCHA has been deprived of \$671 million in operating subsidies. I'm going to repeat that again, from 2001 to 2009 NYCHA has been deprived of a total of \$671 million in operating subsidies. In 2009 for instance, NYCHA's eligible to receive \$991 million in federal operating subsidies. Unfortunately HUD has communicated to NYCHA that it should expect to receive approximately 88 cents for every eligible dollar for the current year. That translates to a loss of \$119 million in the current year.

While the new administration and HUD secretary, Sean Donovan, have indicated that public housing will once again be fully funded, this proposal even if approved by Congress, will not affect NYCHA's 209 operating subsidies. Funding levels for 2010 will not be announced until October of 2009.

In addition to its reduced

operating subsidies, NYCHA has also been faced with rising non-discretionary costs such as salaries and benefits and utilities. Since 2002 the employee benefit costs have risen approximately 73%. Pension costs for instance, have grown for more than 1,000% to more than \$100 million a year. And utility costs have almost doubled from \$268 million in 2002 to \$527 million in 2008.

NYCHA has previously anticipated a budget deficit of almost \$172 million for fiscal year 2009. As I will explain, NYCHA has undertaken various measures to reduce its deficit to a more manageable \$45 million. On April 14th the Board passed a revised 2009 budget and a four year financial plan which projects a \$45 million deficit in 2009 and a deficit in the out years of approximately \$130 million.

The Board adopted several measures in the current year, which reduced the deficit from the previously projected amount of \$172 million. When I appeared before you in March I advised you that NYCHA will be streamlining its central office operations with the goal of

reducing essential office costs by \$10 million.

As of May 1, 2009 NYCHA reduced its central office headcount by 56 executive positions and 44 administrative positions for a total headcount reduction of 100. This included lay offs, elimination of vacancies and reassignment of divisional managers to non-managerial positions.

Through these measures together we associated non-personal cost savings, NYCHA has achieved a reduction of \$11.1 million in central office costs, exceeding its \$10 million goal. By 2011 the savings realized will exceed \$16 million. To ease the budget deficit for the short term NYCHA will transfer approximately \$76 million in capital funds to its operating budget in accordance with HUD regulations. This is a short term solution, however it is not a cure all.

In addition, NYCHA has revised its estimate by the amount of federal subsidy and its expected to receive from HUD in the current calendar year. Due to technical adjustments by HUD regarding the subsidy formula NYCHA's projected to receive \$13 million more than it had previously forecasted. This additional amount

assists NYCHA in closing its deficit.

In March 20th of 2009 HUD approved NYCHA's annual plan which includes a phased in rent increase as I described in March. The annual plan was approved and after public comment with the input of NYCHA's resident advisory board and members of the public as the NYCHA law requires. The rent increase will enable NYCHA to realize an additional \$5 million in revenue for 2009. It will be phased in over a two year period and will affect only those NYCHA households with the highest incomes, approximately 28%. 72% of NYCHA's households will not have their rent increased.

Once the increases are fully phased in, NYCHA projects that by 2012 it will realize a revenue of approximately \$61 million annually. NYCHA currently expects to generate approximately \$22 million from development related activities in 2009, exclusive of other proposals that may come to fruition by the end of the year. Given present market conditions including the availability of financing and also the cost of credit.

These figures are subject to

change. Projections of new revenue notwithstanding, among these development activities is the sale of University Avenue Consolidated in the Bronx. NYCHA anticipates selling this property and creating affordable housing opportunities. NYCHA will keep the City Council apprised of development activities. Let me tell you about the status of some of the other programs.

To address the lack of funding of our city and state developments, in September 2008 HUD finally approved NYCHA's plan to transition 8,400 apartments in the city state developments to Section 8 units. As of May 22, 2009 1,374 units were converted to Section 8, including 62 public housing residents who transitioned in place. NYCHA anticipates by the end of 2009 that this program will generate a total of \$17 million in revenue from the city state transition program. By 2011 all 8,400 units have been converted to NYCHA, they will generate \$75 million in annual revenues.

To contain rising energy costs and to reduce NYCHA's carbon footprint, NYCHA's

actively pursuing a number of energy initiatives as part of Mayor Bloomberg's PlaNYC and through its use of federal stimulus funds. At the end of 2008 NYCHA replaced approximately 178,000 incandescent light bulbs with low wattage energy efficient compact fluorescent lamps in more than 30,000 public housing apartments. NYCHA has replaced 400 traditional hot water tanks with energy efficient instantaneous hot water heaters from 2006 through the end of 2008. NYCHA continues to implement this program and replace a total of 1,265 hot water heaters by the end of 2011.

Over the next three to five years NYCHA will replace boilers and other critical heating system equipment with high efficiency natural gas burning models in more than 30 public housing developments. One example of improving energy efficiency through heat system upgrades is at Beach 41st Street Houses in Queens. Starting this summer, NYCHA will use \$460,000 of stimulus funds along with \$3.4 million in pre-stimulus funds to replace the heating system components at this large development, comprising four 13-story

buildings over 13 acres, housing more than 1,600 residents in 712 apartments. The installation of these components will improve the operation and efficiency of developments' heating and hot water systems and result in energy savings.

NYCHA will also use \$24 million in federal stimulus funds to replace aging appliances at a much faster rate than its previously been able to do. Starting in July 2009 and continuing until March 2012, NYCHA will purchase and install approximately 56,000 high energy efficient refrigerators in 53 developments throughout the five boroughs. In one in every three NYCHA apartments will receive a new stove or Energy Star rated refrigerator resulting in \$1.4 million in annual electricity cost savings.

The primary fuel that NYCHA uses is natural gas which provides reliable service and reduced emissions. At those locations where the petroleum based fuel oil must be used, NYCHA's embarking on a bio diesel program as a lower emissions alternative. As part of Mayor Bloomberg's Million Tree NYC initiative, 10,700 trees will be planted throughout NYCHA

developments. This will not enhance the physical appearance of the city, it will also help to reduce the energy required to cool NYCHA apartments and will improve air quality.

Under the Americans Recovery and Reinvestment Act of 2009 NYCHA received \$423 million from HUD in federal stimulus funds. These funds will be used for significant capital improvements to address resident needs. The infusion of these funds will allow NYCHA to accelerate projects that were part of its five year plan and to commence projects that were unfunded prior to the receipt of stimulus funding. I have just described two of the many projects which NYCHA will use stimulus funds and will give you more detail on NYCHA's proposed use of these funds.

During the months of May and June, NYCHA's holding town hall meetings to develop the next annual and five year plans, which includes setting new priorities for NYCHA's capital program. Stimulus funds will be used to address certain needs which include elevator modernization, apartment renovation, roof repairs,

brick work repairs, energy efficient appliances.

I want to remind the Council Members that the stimulus bill imposes strict deadlines on the obligation expenditures of these funds that do not apply to NYCHA's traditional capital fund.

There are additional reporting requirements regarding the use of stimulus funds. This will present significant challenges to the administration of the capital program, not only for NYCHA the public housing authority throughout the nation. The addition of stimulus funds to its capital program has enabled NYCHA to add more elevator repairs and replacement projects to its capital plan. The fiscal year 2009 capital plan will include the projected repair or replacement of 242 elevators at 22 developments throughout the city. The 2009 capital plan is expected to be submitted to the NYCHA Board in late June.

Since my appointment in December, I have dedicated my time and effort to the development of a plan to ensure reliable and safe operation of NYCHA's elevators. NYCHA recently completed a rigorous three month evaluation of its elevator fleet and operations. As part of this

1
2 evaluation, NYCHA met with residents, resident
3 leaders, union officials, NYCHA employees and
4 other interested parties to hear their concerns
5 regarding elevator safety, service and operations
6 to develop plans to address these concerns.

7 The collaboration resulted in
8 NYCHA's Comprehensive Elevator Service and Safety
9 Plan. Under this plan NYCHA has made elevator
10 modernization a priority in the NYCHA's capital
11 improvement. The savings realized from the
12 capital central cost reductions has enabled NYCHA
13 to increase its budget for elevator personnel by
14 \$6.6 million. NYCHA is in the process of hiring
15 75 elevator technical and support staff. NYCHA
16 has created an elevator maintenance support unit
17 consisting of 20 maintenance teams. That means
18 each team is composed of a mechanic and a mechanic
19 helper.. These teams are staffed by elevator
20 mechanics and helpers. The teams will focus on
21 their support on the 50 NYCHA developments with
22 the highest average outage for elevators.

23 We have also hired an elevator
24 consulting firm to form a 12 month comprehensive
25 review and report on NYCHA's elevator operations

in associated capital program. Addition measures that have been implemented include expedited funding for the elevator modernization and installation of state of the art technology, including CC-TV. We have also enhanced the inspection process through a MOU with the Buildings Department.

NYCHA has been developing creative ways to continue to provide decent and affordable housing to New York's residents even in these difficult times and under these difficult financial conditions. NYCHA remains committed to its 75 year legacy of service to the city. On behalf of NYCHA I thank the City Council for their continued support of housing in New York City and I do have a couple of graphics to show. I can go through them fairly quickly to show some of the developments that we have, if you don't mind.

Just to show you, the narrative kind of indicates exactly where we were going to do the dollar amounts. I think the graphic shows better. If we start off here with our previous forecast of \$171 million in change in terms of what we started off the year with and we start

1
2 looking at what we have done. We've transferred
3 over from capital to operating, \$76 million in
4 change. That's allowed under the law, to make up
5 the deficit.

6 We're expecting from the University
7 Avenue Consolidated Affordable Housing program,
8 \$22 million in capital to be infused over the
9 summer and the early fall. The subsidy adjustment
10 that we talked about, which is a technical
11 adjustment that HUD does mid-year will also bring
12 to us \$13 million of funds. The central office
13 cost reductions were slated at \$10 million that
14 were going to be base lined across a couple of
15 years.

16 The red increases will be going in
17 effect in the third quarter of the year. So this
18 \$5 million will turn into a substantial amount.
19 Next year I think it's \$31 million. So when you
20 look at the revised forecast, it's the \$45 million
21 that we started from in the beginning. Once again
22 as we follow the narrative, you will see here in
23 the graphic and you have a copy of it, exactly
24 what the math is to arrive at the \$45 million.

25 Just to show you on the central

office costs that I had testified earlier in March about, exactly how we went about that. If you look at this area here is the dollar amounts that we're expecting in terms of savings and these are the out years. As of May 1, 2009 where we implemented the plan with the head count reduction in OTPS, Other Than Personal Services, the goal was \$10 million. What we did is we surpassed that amount and went to \$11.1 million. So the real deficit is not \$45 million but \$44 million and change.

Because we did this in May as you know you have to annualize the savings over a period of time. When you annualize the savings over next year and the year after that, the real value of the cuts that we made this year is a little over \$16 million. It flat lines after that because then you're just doing it a base line. So the real numbers here is this first year that we surpassed the goal, the second year there's another \$2 or \$3 million that we're expecting because we annualized this. Then ultimately in the last year, there's another \$700,000 to \$800,000 just to make up the total amount of \$16 million.

The last time I was hear you had asked a lot of questions concerning the stimulus as the stimulus was just being passed. I have this as a graphic and I also have on the next one dollar values, we're doing percentages here. On the pie chart, as you can see to give you a better look at how NYCHA is kind of doling out its projects and what things are shovel ready. The vast majority of the funds are going into roofing, 32%. The next large amount is major renovations and those items are going to go actually to--a great deal of that money is going to Brooklyn to Whitman and Ingersoll that need a substantial amount of work. So this is major renovations.

The next big piece is the elevator rehab, which is 15%. We're going to get into numbers in a second. Then as you start looking at brick work that we have to do for Local Law 11, et cetera, you see that that's 10%. We start looking around at the other percentages and they add up to the 433, rooftop water top tanks less than a percentage, heating and plumbing, electrical work, appliances that we talked about in the testimony, and some grounds work and fire safety issues.

We're going to put that one back up. It's a good graphic.

Here's what we're going to do here is when you're looking at the percentages they only make sense when you look at the dollar value attached to them. So when you're looking at the dollar value and you look at the roof replacement, you look at \$135 million being used for roof repair. So it gives you a very good idea of how that money is being spent, not only in percentages but the dollar values to that. The \$87 million in renovations, et cetera, and some of the other items as you're going across, the brick work, etc. That equals the \$423 million in change for the total amount.

Now I have with me also a sheet that didn't make it into a graphic that breaks down all of the projects throughout the city. It breaks it down by borough, by development, the work and the dollar value attached to that development to total out the exact amount of money that goes out from the stimulus package. So that's part of what we'll distribute that after the testimony. That was one of the questions you

were all asking; how is it going to be distributed, what developments are going to get it, whether they're in your district or not. But that's the way it was developed.

The other thing I want to emphasize and I think I emphasized this the last time around was in terms of how the stimulus package works, there is no transfer of any of the stimulus funds, the capital funds into operating; it's zero. The other thing is that they have shortened the period of time for procurement from a two year spot under our normal capital program to procure and obligate. Obligation means that we have to have a contract in hand. From two years to one year, we fail to obligate all that money, the \$423 million, it's subject to recapture by the federal government.

They also have done is shortened the period of time for expenditures. It's really a four year period of time to expend, now it's a two to three year period of time. It's 60% has to be expended within two years, that means March of 2011 and then 100% by March of 2012. So you could see that the push is to obligate and have a

contract and then the push is to expend 60% of those dollars prior to March of 2011, so that's quite a job on top of our regular capital program.

In terms of the elevators, so that you know and this is something that I was working on personally for quite a long time. Besides part of the testimony I put in there I would like to kind of really thank the unions. Particularly the Teamsters and the leadership at Gregg Floyd who personally rolled up his sleeves and worked with the rank and file and us to get to a really good place in terms of our work force. And how we were going to rearrange some of our process along with our management team. And kudos to our elevator division and management who really worked real hard in kind of revamping what we did. On June 1st we're going to go from a decentralized model to a centralized model in terms of doing preventive maintenance, which makes the department of our teams a lot easier from a vantage point.

The Conflict of Interest Board also helped us in doing training with all our elevator mechanics. NYCHA's IG team was very good and instrumental in looking at the integrity internal

controls. Commissioner Lamandry from Buildings Department, he and his staff both technical and legal, we worked out a brand new MOU. It was due; almost 16 years since the last MOU was done. It has better oversight. It has better reporting mechanisms and it's just crystal clear in its terms and conditions. We'll provide the Council with a copy of that.

I'd also like to thank the Commissioner for People with Disabilities, Matt Saplin who met with us to ensure that when we did the elevators that we had to take into consideration people with disabilities. Foremost besides thanking the staff, I'd like to thank the residents of the New York City Housing Authority and their leadership who participated over the last four months in a number of summits at the elevator training center in our warehouse. To discuss those issues that were germane to them and to meet with our elevator mechanics, with our helpers, with the unions, with our outside contracts to come with a plan to be both efficient and effective in meeting their needs.

From there they created a great

document called TIPS, which is Tenants Involved in Public Safety, which they co-authored along with NYCHA staff. It has been distributed to the residents over the months and have been participating in resident workshops at tenant meetings over the period of time. With that, I open it up to questions.

CHAIRPERSON WEPRIN: Thank you Interim Chair Morales and thank you for that detailed presentation on the stimulus money. I think you're ahead of a lot of your colleagues in other agencies because when we ask about the stimulus money, they're still waiting and they're still not sure how it's going to be allocated or how it's going to be used. So I think you got a good head start there.

Fiscal 2008 ended with \$171 million deficit. How did the Authority close this gap and did it require using NYCHA reserves?

MR. MORALES: The actual gap was \$142 for 2008 and we did use reserves, unfortunately.

CHAIRPERSON WEPRIN: How much in reserves?

MR. MORALES: Reserves, I think it was a total amount of \$140.

CHAIRPERSON WEPRIN: \$140 used from reserves.

MR. MORALES: That's correct.

CHAIRPERSON WEPRIN: Then what is the current level of NYCHA reserves and is there a danger of going below the HUD limit of \$270 million.

MR. MORALES: Right now the current level is \$532 million, which is composed of both restricted reserves and unrestricted reserves. The issue is whether or not we're in danger of going below that. We may be if we continue to dip into reserves. That's something that we do not want to do but we caught ourselves at the end of the last year having to close that gap and we had to dip into reserves.

CHAIRPERSON WEPRIN: Okay. I see in your testimony and in your statements, you making elevator maintenance and mechanics a major priority. Of course it's unfortunate that we've had some tragedies. Hopefully this additional money and employees will prevent a future tragedy.

1
2 NYCHA has added \$10 million in fiscal 09 for
3 additional elevators mechanics, as you mentioned.
4 Can you tell the Committees which developments in
5 NYCHA are most in need and how the--I know you
6 mentioned the highest need but can you tell us
7 what the highest needs are as far as locations and
8 developments.

9 MR. MORALES: Well I actually gave
10 you a list of those top 50 developments that need
11 the most needs. How you do it is based on outages
12 and that's really the measure of when elevators
13 are not working. The greatest amount of outages
14 are the developments with the greatest needs and
15 we're tracking those as we do. The concept of
16 doing pre-maintenance units is to avoid those type
17 of outages. So what you have is two things; you
18 have teams that actually repair the elevators.
19 They go out and repair the elevators once they're
20 out. And then you have teams that are going out
21 now to ensure that the elevators are working, are
22 in good repair before anything happens.

23 So that's the idea of balancing
24 between a pre-maintenance team and repair teams.
25 The list will provide you with the 50 developments

that have the greatest needs and that's done by outages, again.

CHAIRPERSON WEPRIN: Okay. We've been joined by a number of colleagues since our last round of introductions. We have Council Member Gale Brewer from Manhattan, Council Member Diana Reyna from Brooklyn and Queens, Council Member Jimmy Vacca from the Bronx, I saw Council Member Oddo and Ignizio, I think they may have left. And we have Council Member Tony Avella from Queens. I'm going to turn it over to Chair Dilan for some further questions.

CHAIRPERSON DILAN: Thank you. Okay. I'd like to thank you personally Chair Morales for the service that you've provided this agency since December and the strides that you've made to reduce the agency's deficit and to bring it to where it is. Some of the steps that you have taken may not be the ideal steps but under the current fiscal problems, I certainly applaud your efforts to try to bring this agency back into balance.

I also want to applaud you for providing, I think in my experience with any other

1 budget hearing, the most detailed information in
2 terms of dollar amount and where your agency is
3 going to use the federal stimulus money. I think
4 that is a credit to you and the agency that you
5 now oversee. I would hope that the rest of the
6 city agencies would follow the leadership that
7 NYCHA has shown in terms of transparency of the
8 federal stimulus dollars. I think your graphs and
9 overall preparedness for this hearing is
10 exemplary. It's a credit not only to yourself and
11 your management style but to your team that works
12 with you as well.

14 First I want to start with some
15 questions around federal reimbursements. You
16 stated that you received a \$13 million adjustment
17 to your federal reimbursement that will help you
18 in the current calendar year. I think that's a
19 good sign. Hopefully the federal government can
20 bring this agency back to the 100% levels that it
21 deserves to be. Currently HUD is reimbursing
22 NYCHA at 88%. I guess, do you anticipate the
23 Obama administration to raise these reimbursements
24 to 100%. If they do, how do you feel that will
25 help the Authority?

MR. MORALES: First of all, it's been a sea change in terms of the response by the federal government under the Obama administration compared to previous administrations. The fact that also that Sean Donovan as the secretary of HUD, immediately in his proposed budget for HUD, went to 100% funding for public housing, that shows that somebody actually acknowledged the need to have, for operating expenses, dollar for dollar reimbursement for our expenses, which is just a great thing.

Now having said that, that's subject to Congressional approval for appropriations. That will happen some time at the end of the summer or in early September. If they do approve it and we're hoping that it will, that will bring us another \$119 million to our operating. We will not see that into our operating calendar fiscal year of 2010, if that does happen. So we're cautiously hopeful that that does happen in a way but we will not be seeing it in this particular year. In terms of forecasting a significant consequence in the way that we operate, we're hopeful for 2010 but as of

1 this year our plan remains the same.

2
3 CHAIRPERSON DILAN: You also
4 mentioned in your testimony, moving on to another
5 subject, that you saved in excess of \$10 million
6 in expenses by reorganizing your central
7 administration. And that's a good step but I'd
8 like to ask, what was the budgetary impact of the
9 layoffs and hiring freezes toward the Authority in
10 2008. Should we expect more layoffs in 2009
11 beyond the ones that have already been taken in
12 the central offices.

13 MR. MORALES: Let me start with
14 your last question first. As you can tell in our
15 budget to reduce the deficit, that I have not put
16 in any more reductions that I have already planned
17 on. All of these things are fluid so depending on
18 what other issues may come up with NYCHA, you have
19 to leave the alternatives available. At this
20 point as you can see as a formal budget, we have
21 not planned any more layoffs as of this moment.
22 Everybody always kind of kids me because I always
23 say as of this moment because I never know what
24 the future brings nor do I want to hamstring any
25 other possibilities in terms of looking at the

1
2 budget differently. Right now we're not
3 anticipating that and we'll see how, in the long
4 run, that turns out.

5 As to 2008 budget I think that I'll
6 turn that over to Earl, I think.

7 CHAIRPERSON WEPRIN: Just identify
8 yourself for the record, Mr. Andrews.

9 EARL ANDREWS, JR.: Earl Andrews,
10 Vice Chairman, New York City Housing Authority.
11 If we address 2008 in terms of personnel we
12 reduced non central office. I don't know what the
13 exact number is right now, \$45 million? And we
14 felt this year to help reduce the budget we had to
15 go into central office. Once again I'll
16 reiterate, there are no immediate plans to reduce
17 headcount.

18 CHAIRPERSON DILAN: Okay. One
19 thing that wasn't mentioned in your testimony
20 today but it had been mentioned in testimony in
21 the past was the effect of the Section 8 vouchers
22 and its transition. How many units so far have
23 been affected by the Section 8 transition program
24 and what are the projections for 2009?

25 MR. MORALES: At this point I

1 believe it's 1,300 vouchers have been
2 transitioned. But let me just step back for a
3 second. The approval of the plan from HUD came on
4 September 11, 2008. Our first unit that we
5 actually rented was in November of 2008. From
6 then, and I think I have the exact figure, just
7 bear with me a second. I believe it's 1,300 units
8 that have been transitioned over.

10 CHAIRPERSON DILAN: What I'll do is
11 I'll allow you time to find the answer. That will
12 conclude my questioning. Then when you find your
13 answer, you can have maybe staff look at the
14 answer for you, unless you've found it.

15 MR. MORALES: It's about 1,200 for
16 the end of the year. The impact will be about \$17
17 million. That's already been base lined; I
18 included it in the testimony but I did not include
19 that in the--1,325 was the exact number.

20 CHAIRPERSON DILAN: 1,325 and you
21 didn't include it in your reductions--

22 MR. MORALES: [interposing] I
23 didn't include it because it had already been base
24 lined in 2008. If you look at it in terms of
25 revenue it was already in there. I did not

1
2 include that in the reduction. It was already
3 base lined from the year before.

4 CHAIRPERSON DILAN: That will
5 conclude my questioning. Just for the benefit of
6 the members of both committees respectively, and I
7 think you intend to do so. But if you have a
8 package that details all the information that you
9 have on your charts to distribute to the committee
10 we would be very grateful.

11 MR. MORALES: We have that today.

12 CHAIRPERSON DILAN: We'd be very
13 grateful for that. Council Member Mendez and
14 Council Member Mendez will be followed by Council
15 Member Reyna. We've also been joined by Council
16 Member Maria Baez who is a member of the Housing
17 and Buildings Committee.

18 COUNCIL MEMBER MENDEZ: Thank you.
19 Regarding HUD, they are now in this fiscal year
20 which is calendar year for the Authority, funding
21 you 88 cents to the dollar for operating expenses?

22 MR. MORALES: That is correct.

23 COUNCIL MEMBER MENDEZ: And last
24 year you were being funded at what amount?

25 MR. MORALES: 87 cents on the

dollar.

COUNCIL MEMBER MENDEZ: 87 cents.

And HUD is recommending fully funding you but we don't know when that would be approved or if it will be approved?

MR. MORALES: We don't know until-- the budget goes to Congress for appropriations. That should be over the summer. And then we would find out starting their fiscal year, which is on October 1st. We'll find out whether or not those funds are made available to HUD for them to be able to do a dollar for dollar reimbursement.

COUNCIL MEMBER MENDEZ: How many units of city created public housing do you have?

MR. MORALES: City created? I believe it's 6,000 city created. It's about 6,000. We have about 14 and change that are state and it's about 6,000, that's an approximate number. We can get you the exact numbers. The total number is about 20,000 and change city and state. It's been about 6,000 for the city.

COUNCIL MEMBER MENDEZ: And how much funding do you get from the city, state or the federal government to operate those units?

MR. MORALES: Right now it's zero with the exception of we did get at least \$3 million from the state for some operating funds. So outside of that, not much.

COUNCIL MEMBER MENDEZ: And how much does it cost to operate the city and state developments?

MR. MORALES: The city and state, approximately \$113 million on annual basis.

COUNCIL MEMBER MENDEZ: So even if fully funded by HUD that would only be for the federal units and you're not being funded for the city and state units?

MR. MORALES: That's correct. The way the arrangement is that we actually have, use funds from the federal 157,000 federal units. We use funds to kind of allocate over to the other 20,000 units.

COUNCIL MEMBER MENDEZ: If you could tell me how much it costs to operate the state developments. And how much it costs to operate the city developments.

MR. MORALES: I can get back to you on that. I think the split on that--I gave you

the combination of those. Hold on. The approximate number is \$30 for the city and \$60 for the state.

COUNCIL MEMBER MENDEZ: Thank you. Earlier this year there were--during the past year there's been all these incidents with the elevator accidents including some tragic deaths. At some point the Authority was transferring money from capital to deal with the elevators. I think it was \$100 million that was going to go for elevator repair; is that correct?

MR. MORALES: That's correct. A little over, about \$107, \$105, something like that.

COUNCIL MEMBER MENDEZ: If you can tell me how much is allocated from your budget still and how much is going to be used from the stimulus for the elevator repairs. If it's more, are we going to be able to take care of more elevators now than anticipated?

MR. MORALES: The total amount along with, I think I have the number up on the--I can tell you what that number is, it's about \$67 million from the stimulus package for that. I'll

1 tell you the exact number right now, \$66.9 million
2 from the stimulus package. We have another \$107
3 million approximately in our regular capital
4 program that we're pushing. So the total is about
5 \$170 million for elevators.
6

7 COUNCIL MEMBER MENDEZ: And that
8 will take care of approximately how many?

9 MR. MORALES: 242, I believe is the
10 number of elevators.

11 COUNCIL MEMBER MENDEZ: And if you
12 could refresh my recollection and tell me how many
13 elevators you have within--

14 MR. MORALES: [interposing] We have
15 3,338, two-thirds of which, 2,100 or 2,200 have
16 been modernized in the last ten years. So we're
17 looking at really a difference of about maybe
18 1,000 or 1,100 elevators that are older than 13 or
19 14 years.

20 COUNCIL MEMBER MENDEZ: And the
21 stimulus money just goes right into capital? That
22 can not be used for the workers, the new elevators
23 workers because in your testimony--

24 MR. MORALES: [interposing] No, not
25 at all. What we're doing to finance, quite

frankly is we're allowed to use the transfer of the regular capital fund over. Part of the savings we get from the central office costs are going to be financing that out because that is going to be close to \$6 million on an annual basis for the new employees. There are about 78 of them along with the teams. There are also administrative, quality assurance individuals and inspectors.

COUNCIL MEMBER MENDEZ: And all of these will be full time employees?

MR. MORALES: Full time employees.

COUNCIL MEMBER MENDEZ: And as I understand earlier during your short tenure, you've rescinded the ability for these elevator workers to take outside work, is that correct?

MR. MORALES: We rescinded that process; we put a moratorium on that and we're currently reviewing some of those items. But the first thing I did on December 15th when I was appointed was to rescind the waivers.

COUNCIL MEMBER MENDEZ: I just personally want to thank you for that. I think that it raised a lot of questions in the public

and that being one of your first actions spoke volumes.

MR. MORALES: Just for you to know, the elevator division has been much maligned in the newspapers. We've had them trained. We had COI Beat come over and do a special training for all the elevator force to ensure that they understood what the conflict of interest rules were concerning having a secondary jobs, et cetera. I think it went very, very well in terms of that. Once again, Greg Floyd's intervention in this, personally concerning this issue and a myriad of other issues was very important in managing our relationships between labor and management important to get the workers out. So thank you for that question.

COUNCIL MEMBER MENDEZ: Thank you. More recently there was an article in the paper regarding the use of city vehicles for some of the NYCHA employees and you quickly eliminated privileges for many individuals. Did that come from NYCHA's general operating budget and what kind of savings did that realize? From what I read in the paper, it was an initial first step

and everything was going to be re-looked at. So what has been the determination on that?

MR. MORALES: Right. To be fair to some of the staff there who I know that some of the newspaper articles were a little tough on them. What we did was revisit that whole procedure. What we did or what I did was suspend the use of about 177 vehicles to be used to commute and let everybody come back and make an application to show that they fall within the rules.

The savings, I'm not sure that we're still calculating them. We've reduced the fleet by a little over 15%, that's about 36 or let me just see what the actual number is here. The actual number is about 45 cars were we reduced the fleet by and that produced some funds, a little over \$100,000 because they were the older cars. So they would not be replaced. On the privileges we reduced it from 171 individuals that had that commute privilege to 33. To be fair to them, a lot of them did reapply to make sure that it was within the standards.

COUNCIL MEMBER MENDEZ: Okay.

1
2 That's going to finish my questioning because my
3 colleagues want to also ask questions. But I have
4 to join my Chair Erik Dilan in saying that your
5 presentation was incredible. We've been sitting
6 through many budget hearings and no one else has
7 come in with this level of detail and with the
8 easy graphics to really get it. So it really
9 makes our job easier and I want to thank you in
10 your team for that.

11 MR. MORALES: Thank you.

12 COUNCIL MEMBER MENDEZ: Now we'd
13 like to call the former chair of the sub-committee
14 on public housing, Council Member Diana Reyna to
15 be followed by Council Member Gale Brewer.

16 COUNCIL MEMBER REYNA: Thank you
17 Madam Chair. Good morning. I just want to before
18 starting my limited questions I wanted to just
19 mention how proud I was of your work, Chairman.
20 It's too bad that we're going to--just when we
21 started to make some inroads we're going to be led
22 to seeing a different face behind the Chairman's
23 seat. I hope that you're not going too far and
24 that this administration is smarter in choosing to
25 see to it that you will remain within NYCHA.

Your leadership, I echo the words of our Chairs that have just preceded comments with your presentation here today and just all the impeccable work that you have been, in such a short period as interim Chairman, accomplished. The residents were feeling that sense of confidence in NYCHA through your leadership.

The issues I wanted to just clarify as far as current levels of your reserve at \$530 million.

MR. MORALES: \$532, yes.

COUNCIL MEMBER REYNA: \$532. You mentioned there's a restricted amount and then there's an unrestricted amount. What is the restricted amount of the \$532 million.

MR. MORALES: Two amounts are restricted. One I believe is \$173 million that goes to our self insured amount. That's a dollar amount that we have to have in order to maintain our self insurance status with the federal government in the event of court actions. I believe there's another \$213 or \$214 million. These are round numbers; I'm giving you round figures. That goes to our Section 8 program.

Then the balance is to our unrestricted reserve.

COUNCIL MEMBER REYNA: The \$214 million you said goes to Section 8 program?

MR. MORALES: That's correct. Those are approximate numbers. I don't have the exact numbers with me.

COUNCIL MEMBER REYNA: So the \$214 million is money that obviously you would never have as a reserve because it's utilized through the Section 8 vouchers program?

MR. MORALES: You would have it both as a necessary reserve on some of the statutory principles. But the vast majority of it is to be used as we go along to ensure that the vouchers are out. So you're correct in the concept that it's not a real reserve but it's being parked there to ensure that we have that availability. It doesn't mix with our other operating; it's segregated from other accounts. And has availability to be drawn down as we go through our process.

COUNCIL MEMBER REYNA: The unrestricted amount within the current level of \$532 million is how much.

MR. MORALES: If you do the math, \$173 plus \$214 is \$380 something, minus--about \$150, \$156,000. I'm doing a quick in my head, that's about--

COUNCIL MEMBER REYNA:
[interposing] Completely understand. I just wanted to understand as far as how much is left as far as unrestricted is concerned. The unrestricted is where you had taken \$140 million...

MR. MORALES: That is correct.

COUNCIL MEMBER REYNA: ...to be used.

MR. MORALES: That is correct.

COUNCIL MEMBER REYNA: So the amount was doubled.

MR. MORALES: That is correct.

COUNCIL MEMBER REYNA: Previously, using it to balance some of the deficits and fill in the gaps.

MR. MORALES: To tell you the truth, I know where you're going with this. We're very cognizant of it; the more that you dip into the reserves or look at assets to make up for

revenue or to do other things that look at the corporate assets in a way that diminishes it is not a good thing.

As we continue over the years to dip into those reserves, our reserves were substantial over four or five years ago. It shows the need to balance between services that need to be provided by statute, by regulation and the need to protect the institution into the future. That balancing act as those deficits become larger and looming and then we have to dip into reserves or sell assets creates a real crisis for us. You're right that in looking at the reserves and trending them, it will give you a good indication of NYCHA's financial wherewithal.

COUNCIL MEMBER REYNA: Currently Chairman you have made every effort to actually have a comprehensive assessment as to how much funding actually goes into operating costs. Where there has been a traditional in kind let's say, service to the City of New York to operate what would be considered child care services, community center services as well as senior center services.

MR. MORALES: This is one of the

things that when in March we were discussing because it's very hard to balance between the actual needs of our residents visa vee the economic realities that we have. As you saw in the preliminary plan and this plan here, we didn't look at social services or community centers as areas that we wanted to cut because during these economic times there's a greater need for them, provided that the attendance levels are sufficient to justify the programs.

The real balancing here is whether or not you could look at essential services and services in reality like the social services where we don't have a great deal of funds that can be dedicated through statute for these programs and services. How we balance that out. I think as we said when we met maybe a week or two or go, in that session, that your balance between core services, maintenance people, cleaning the place, mechanics, et cetera and social services that are needed but may not be as core as the others. There's where we get the deficits and dipping into our reserves because we have to make those hard choices.

COUNCIL MEMBER REYNA: Of course.

Now do you believe that considering we have our HUD director, Sean Donovan, coming from the city and understanding your plight as far as operating developments in the City of New York and how expensive it can be. And trying to preserve the social services that we have, that we will see to it raising the level of at 87 cents to the dollar to a full 100% of the dollar that it will give NYCHA the ability to see social services intact and therefore bring back the head counts that we once had for so long?

MR. MORALES: It's an interesting question because we struggle with this here because there are struggles on a budgetary, financial, philosophical level and when you look at these things the federal government and hope springs eternal in terms of the dollar for dollar is not the total answer. Because what we still have as Councilwoman Mendez clearly indicated, we still have a problem with the city and state. Until the city and state are resolved, no matter how good the federal government could be with us unless they federalize these other units and we're

trying hard to do that.

COUNCIL MEMBER REYNA: Completely agree.

MR. MORALES: Right. The state and city still have a responsibility for these. NYCHA became the premier housing authority in the country, if you look at its history, because we always mixed our financing. We always had city, state and federal funds so when the federal government wasn't acting well we had city and state supported. When we had a difficult time in the city and state we had the federal government.

So we always balanced our budgets and moved our things around so that we could efficiently provide those services that people are accustomed to. You're right. The federal government is one tool in the tool box, the city and state are other tools.

COUNCIL MEMBER REYNA: Until we see the federalizing of the 21 developments in the City of New York that were built once by the city and state, federalized we can't depend on the glorious day of seeing 100% to the dollar of your spending to contribute to the 21 developments

because you would continue to see deficits.

MR. MORALES: Right. You'll continue to see what you had identified earlier: our reserves going down because we have the inability because of our capital needs, transfer of capital funds to the operating and until the question is answered in terms of city and state, that's going to be a dilemma. Whether it's federalized or whether its increase on the part of the city and state in terms of what they're giving in, that's always going to be a problem.

COUNCIL MEMBER REYNA: Do you think that within the appropriations there's language that would consider accompanying the appropriations to federalize the 21 developments? Obviously New York State can not alone or New York City alone can not be the only developments that are going to be considered in a nationwide effort to bring public housing to 100% appropriation consideration.

MARGARITA LOPEZ: Council Member I just wanted to make a comment to your point about federalization.

COUNCIL MEMBER MENDEZ: Can you

please identify yourself for the record?

MS. LOPEZ: My name is Margarita Lopez, I am a member of the New York City Housing Authority Board. I just want to point out the following thing. I want to plea to each and every one of you and to every elected official in this state to take very, very serious the proposal that Congress member Velazquez and Senator Chuck Schumer put on the table to federalize those buildings.

I'm going to plea to all of you to put a fearless campaign to do that. You have the power to do that. You have the platform from where to do that. You can mobilize the people of New York City and you can mobilize the entire nation to federalize those buildings that were not federalized in the other states. This city has been a leader in public housing. This is a moment in which you can make a mark in history if you choose to do so. To federalize those last buildings that were not will mean that it's a renewed commitment to create public housing as a permanent principle of our nation in which our nation understands at the federal level that the

nation has the responsibility to house their people.

When the people can not afford the rent that is out there in the marketplace, then it is up to you to take that challenge and move forward, this campaign. But it's a campaign that, in my opinion, I have been looking at it from a distance. It's doable. It can be accomplished but it depends on the people who takes it over.

Congress member Velazquez and Senator Chuck Schumer can not do it alone. It's just asking them to do something that is impossible. But they took the first step and that step is a very serious one. It's up to you and I know that each and every one of you care for public housing as much as you care for yourself. Thank you.

COUNCIL MEMBER REYNA: Thank you very much.

[Applause]

MR. MORALES: And just to add to that, we had been making a campaign quite frankly, the three of us, to really reach out to the residents and explain these issues so these issues

quite frankly as you're asking some very pointed and good questions from all of you that these issues are really being talked at, at the resident level.

They're at the resident leadership level. They're at the resident level so that they understand and they're armed with the facts that allow them to ask the right questions of their elected officials, to ask the right questions of those who come before them and say this is the right issue. So that we re-image the understanding of our residents of what we're really dealing with as opposed to a lesser issue that might come and cloud the issues of the financing. Thank you.

COUNCIL MEMBER REYNA: No, I appreciate the comments of this particular campaign nationwide. Going back to what I had originally asked as far as the appropriations of raising the dollar reimbursement percentage to 100%. I wanted to understand if whether or not there was a proposal to engage that appropriation with a cause that would take into consideration the federalizing of the city and state built

development from years past.

So if that has not been brought to the table, is there an opportunity right now, as this appropriation is going to be considered, to attach it to federalizing these buildings?

MS. LOPEZ: I will tell you that it's an opportunity to raise the issue and it's an opportunity to put it forward. I will tell you it's two separate items because--

COUNCIL MEMBER REYNA:
[interposing] I understand that.

MS. LOPEZ: Although it's two separate items it's an opportunity to indicate why the problem continues to exist even if you give us the total funding.

COUNCIL MEMBER REYNA: 100%,
correct.

MS. LOPEZ: Unless the other component is resolve. Then both of them are separate but together and both of them should be addressed at the same time without letting go. I am of the belief, and this is my opinion from my observation, that the current administration is more than willing to understand and support public

housing. I have no doubt that the secretary of HUD at this moment is a very clear individual in regard of why public housing is so important to New York City.

Therefore I don't see a push back from the current administration in Washington in any way from any efforts to be together. The only push back that can happen is if we do not take the challenge. The push back will come by us not showing the responsibility that the moment requires.

COUNCIL MEMBER REYNA: I will continue this effort of raising the issue of federalizing these developments and work with our Chairs of this committee. My last and final question is the Section 3 program. As far as the stimulus package is concerned, how many NYCHA residents have been employed because of the stimulus money coming in and/or will be anticipated to become employed because of this stimulus money in regards to complying with the Section 3 program?

MR. MORALES: It's a great question. We have been monitoring this closely.

There are expectations of we fulfilling the Section 8 requirements. The reason why I say expectations is because although we have awarded some contracts we still haven't had expenditures in those ends. And we can tell once they've created the jobs--

COUNCIL MEMBER REYNA:

[interposing] But right now you would be able to...

MR. MORALES: Oh sure.

COUNCIL MEMBER REYNA: ...identify a certain number of slots.

MR. MORALES: Yes.

MS. LOPEZ: Yes.

MR. MORALES: And what I do want to tell you is that if you go to nyc.gov/stimulustrack, all of our stimulus dollars, all of our stimulus programs under NYCHA will be tracked including the employment histories.

We have been working very hard at NYCHA, particularly this board to make sure that Section 3 is not just something on paper and that it's something that has to be delivered. Anybody

1
2 who attends our board meetings know that one of
3 the main questions that's going to be asked is how
4 many jobs. One of the things that we want to be
5 very cognizant of is there are jobs and there are
6 careers. What we want to push for is we want
7 everybody working but we also want to push for
8 careers, that people have meaningful work and that
9 it comes from these stimulus dollars.

10 I want to be very clear that
11 Section 3 is a very, very important thing to the
12 board members and its rising to that level
13 heretofore not seen at NYCHA to make sure that
14 that happens.

15 COUNCIL MEMBER REYNA: Chairman,
16 currently right now you can not give us a specific
17 number of slots?

18 MS. LOPEZ: Yes, we can. I will
19 tell you the expectation is 3,000. That number of
20 3,000 is going to be exclusively for the residents
21 of the developments, fulfilling a promise of Mayor
22 Bloomberg in regards of his state of the address
23 of this year where he is emphasizing the
24 opportunity for employment for all of the
25 residents of public housing. If you go back to

his statements that day, one of the items in that statement was singling out the creation of jobs for residents of the developments.

We're talking about 3,000 at this moment in regard of the number that you ask. But I want to add one thing that is very important for everybody to understand this issue. We can create the job opportunity. The 3,000 slots will be there. But if you don't have people ready to be able to take those jobs then we fail. Then it's very important that all of you, through your platform, communicate with the residents of the developments we are putting an effort, an extraordinary effort to do that. For them to begin getting ready for when those jobs are here. If they wait until the jobs are here, they are not going to be ready with the skills necessary.

Then our employment program is available for every resident of our communities. The only thing that they have to do is to call the Employment Department for our resident program. They immediately will be processed and they immediately will be put on track to begin preparing them to be ready for that job. If we

1
2 don't do that part, we're going to have the jobs
3 but we are not going to have the people because
4 the skills that people need must be ready at the
5 time that the jobs are going to be available.

6 Then it's very, very important that
7 everyone understands that the Section 3 program
8 works if people are ready and able to get that
9 job. If they are not then you need to prepare
10 them to be able to get the job. By the time that
11 you prepare them, the job is over. Then it's very
12 critical that if you can use your office, your
13 every four month communication.

14 MR. MORALES: Newsletters.

15 MS. LOPEZ: The pamphlet that you
16 send to tell people if they are looking for a job,
17 if they are a resident of public housing please
18 call the number, communicate with our Employment
19 Resident Program and begin getting ready for that
20 job that is coming down the pipe.

21 COUNCIL MEMBER REYNA: I just want
22 to make sure I understand--

23 CHAIRPERSON DILAN: [interposing] I
24 have to, I have to--

25 COUNCIL MEMBER REYNA:

[interposing] I'm sorry Chairman, I just want to make sure that I understand there's 3,000 slots due to the stimulus.

MS. LOPEZ: Yes, through the stimulus package...

COUNCIL MEMBER REYNA: You just said yes.

MS. LOPEZ: ...3,000 are going to be created.

COUNCIL MEMBER REYNA: From the stimulus.

MS. LOPEZ: Yes.

COUNCIL MEMBER REYNA: Separate and aside from the Resident Employment Services that has been created years ago.

MS. LOPEZ: The Resident Employment program is the program that processes that--

COUNCIL MEMBER REYNA:
[interposing] I understand the Resident Employment Services Department but it's 3,000 new jobs where residents have already perhaps been identified because they've been participating through the Resident Employment Services Department.

MR. MORALES: Yes, yes, it's 3,000

new jobs for the \$423 million.

CHAIRPERSON DILAN: Okay. At this time I have to move on to Council Member Brewer followed by Council Member Avella and that will conclude the line of questioning for this panel.

COUNCIL MEMBER BREWER: Thank you very much.

CHAIRPERSON DILAN: Before we do that I just want to acknowledge that we were joined by Council Member Leroy Comrie for a moment and then Council Member Bill DeBlasio for a moment. Council Member Brewer.

COUNCIL MEMBER BREWER: Thank you very much. I know we've been talking about community service, which is incredibly important. I'm also concerned about maintenance because obviously if you don't have good maintenance then the buildings and the bricks and mortar are going to fall apart. So I'm wondering if you have a lower maintenance budget than you had last year. And how the stimulus package or whatever other means can help in that regard. We do find that the maintenance is less despite huge efforts and wonderful workers and so on and so forth. But

1 maintenance is incredibly important so I was
2 wondering if we could get those budget numbers.
3 Again, how you define it is probably more
4 complicated and we may not have time for that
5 today, all the specifics.
6

7 MR. MORALES: The maintenance
8 budget has been pretty similar for the last
9 several years. So there hasn't been a change down
10 or up on it. The second issue that you asked
11 about, the stimulus, the more that we repair our
12 infrastructure the less maintenance it needs. We
13 have now been lucky enough to have such an
14 infusion of capital funds that we should be able
15 to reduce our operating expenses, particularly in
16 other areas not only in maintenance but also in
17 terms of elevator operators and damages, et
18 cetera. The capital funds, good news, it should
19 and we should monitor the effect that it has on
20 our operating.

21 COUNCIL MEMBER BREWER: I would
22 suggest that if there is an opportunity to
23 increase the maintenance it would be good. I do
24 find that the maintenance is challenging and
25 obviously as you know, I'm in and out of the

developments all the time. We find that the maintenance could be better. I think it's a result of not having enough maintenance. It may be steady but that doesn't mean that it couldn't use some infusion so I would suggest for you to do a look back.

The second issue is vacancies. I'm a big believer that you work hard to turn over apartments. You obviously have the 504 need but I'm wondering how many vacant apartments do you have at the current time.

MR. MORALES: We're hiring 190 caretakers and 60 maintenance workers. So we are increasing that.

COUNCIL MEMBER BREWER: And that's going to be not with stimulus or that is just--

MR. MORALES: [interposing] No, no, stimulus can not be used for operating.

COUNCIL MEMBER BREWER: That's what I thought so 190 new caretakers and...

MR. MORALES: 60.

COUNCIL MEMBER BREWER: ...and 60 new maintenance.

MR. MORALES: Not 100, 60.

COUNCIL MEMBER BREWER: 60.

MR. MORALES: So 250 is the total number.

COUNCIL MEMBER BREWER: The total, and when do they come on board?

MR. MORALES: It should be soon. They're processing them now.

COUNCIL MEMBER BREWER: Okay. And where did that money come from?

MR. MORALES: It's part of the budget.

COUNCIL MEMBER BREWER: It's part of the budget.

MR. MORALES: Yeah.

COUNCIL MEMBER BREWER: Okay. Vacant apartments, how many do you have now? Because obviously you have to have some for 504 so I'm wondering how many do you have now and obviously the more you rent then that helps your budget.

MR. MORALES: Absolutely. I'll have to get back to you on that number.

COUNCIL MEMBER BREWER: Because one of the issues, of course, is there are a lot of

overcrowded units and we're always trying to--I think that process of clearing or whatever the term is overcrowded units could move a little bit faster.

MR. MORALES: The availability of apartments and rent coming from it is absolutely important.

COUNCIL MEMBER BREWER: So you'll get back to us as to the vacant number.

MR. MORALES: That's correct.

COUNCIL MEMBER BREWER: Commercial leases, I know we discussed that. There aren't a lot at NYCHA but that's always been an issue. So I'm just wondering is there an amount that you get for commercial leases and has it changed from last year.

MR. MORALES: We do get an amount from commercial leases. From store fronts it's \$4,094,000.

COUNCIL MEMBER BREWER: That was the same as in previous years?

MR. MORALES: I can't tell you that answer. We'd have to look at it and see if there's a trend. A couple of things you must

understand is in a set amount of time--

MR. ANDREWS: The trend has been up. We have a whole department and we have a big emphasis on releasing up spaces all over.

COUNCIL MEMBER BREWER: We want to keep our mom and pops but at the same time we want to make sure things are leased.

MR. ANDREWS: But we also want to our rents per square foot competitive but we do not engage in what I would call rent gouging or anything like that.

COUNCIL MEMBER BREWER: So you think it's up and--

MR. ANDREWS: [interposing] It is up.

COUNCIL MEMBER BREWER: It's up. Okay.

MR. ANDREWS: Clearly up.

MR. MORALES: The other thing, I think that your question, the general tenure of your question is how are we creating revenue to assist us in our financial situation. The answer is, Aristotle always says define your terms so let me define my terms for you. You're asking for

revenue and let me give you a few numbers that allow you to understand the bigger picture. You asked for storefronts and commercial things, I just gave you those numbers. Parking we make \$1.6 million and in terms of cell towers we make \$2 million, all of those numbers are increasing as we go along.

There are other revenue, we actually have a department that allows us to look at revenue generating activities. We continue to look at advertising as a potential revenue source for different areas. So in terms of if we can't get the money from the government and we can't get our money from the rent, where else can we get our money? We have to look at resources that we can leverage in support of whatever activities we're doing. I think that's the correct questions to ask on many levels but these are the numbers that I have on those.

COUNCIL MEMBER BREWER: Okay.
Don't talk about cell towers because you're going to get in trouble. Cell towers, don't talk about cell towers. Another question is just horticulture and trees, obviously this is not a

revenue issue. I know you mentioned that you're going to be getting more trees under PlaNYC. Is there any possibility of working on the gardening front as part of that effort or is it just a tree front? We have a lot of beautiful spaces. People would love to participate more in community gardens.

MS. LOPEZ: Our greening of NYCHA is a very comprehensive plan. In that comprehensive plan it's not just about addressing the amount of energy that we use and the amount of food spring that we produce. The plan includes cleaning and vitamin at the same time that we're changing the way we use energy. In that context the gardening program and the planting of trees play a fundamental role, a central role. In the central role we expect to have over 10,000 new trees planted in our facilities.

With that said, I want to make clear that New York City public housing has been on a small forest, saving and protecting your city.

COUNCIL MEMBER BREWER: I agree.

MS. LOPEZ: Because our land has

1 had those trees in place. Then as time has passed
2 many of the trees has more than 60 years, they had
3 to be replaced. And thank you to Mayor Bloomberg
4 initiative on the trees, we're going to be able to
5 change that and replace them without NYCHA
6 spending money on it and the participation of the
7 residents' involvement.

8
9 Then we're going to have over
10 10,000 new trees, participation of residents on it
11 and the gardening program is going to be revamped
12 to make it bigger, better and more beautiful.

13 COUNCIL MEMBER BREWER: Okay, so
14 we'll work on gardening. Recycling, is that also
15 part of the greening issue?

16 MS. LOPEZ: We are looking into a
17 model of recycling. I have to mention Sara
18 Martin, who is the Tenant President of what's the
19 units of housing.

20 MR. MORALES: Grant.

21 MS. LOPEZ: Grant Houses, I have to
22 mention her because she put an initiative together
23 that is to be applauded. In her development she
24 began putting an experiment supported by NYCHA in
25 which it's a voluntary process for residents to

1
2 recycle. In the voluntary process the residents
3 are bringing down their recyclable material and
4 through this pilot project that we are conducting,
5 we are looking very carefully to see if we can
6 replicate that same program everywhere.

7 COUNCIL MEMBER BREWER: Okay.
8 We'll be glad to work with you on that.

9 MS. LOPEZ: Thank you.

10 COUNCIL MEMBER BREWER: Because I
11 would love to do that. There's no recycling
12 currently in most any development so that would be
13 great.

14 MS. LOPEZ: Yes. I want to clarify
15 why I think it's important to do that. If all of
16 you remember, NYCHA was billed based on the
17 principle of having incinerators and that
18 principle of having incinerators became canceled
19 at the level of the federal government, rightfully
20 so, because it was polluting everything that was
21 around. Then we were forced to close all of the
22 incinerators. That then turned into a really big
23 nightmare because in order for us to put a
24 recycling program through the chutes that people
25 have in the apartments, it will be prohibit the

cost for us to retrofit that system in which people can recycle through that system.

Also it will create a problem in regard of eliminating units of housing. Because if you're going to put the new systems in which you can recycle through the floors then you will have to take space of the apartment in order to be able to put the chute in, system.

COUNCIL MEMBER BREWER: Right. I'm familiar with all of this.

MS. LOPEZ: Then based on that is that NYCHA had not been able to proceed and it's a little more complicated. The good news is that we have been able to come with a solution in which we have been putting those big compactors rooms outside in which we create less bulk and we put it out there to reduce the amount of garbage that NYCHA is producing.

COUNCIL MEMBER BREWER: Two quick questions, an update on Harbor View, as you know we passed that with much consternation. And secondly on technology. So what's the update on Harbor View? Can you--

CHAIRPERSON DILAN: [interposing]

Well I want to, if I may, I want to keep the hearing around the subject of the budget.

COUNCIL MEMBER BREWER: The budget, Harbor View was supposed to be a lot of money for NYCHA, just so you know.

CHAIRPERSON DILAN: All right. Then let's stick with Harbor View and the budgetary impacts of technology, if we may.

COUNCIL MEMBER BREWER: No problem, I agree. The Harbor View was supposed to bring in a lot of--it's a big project and I don't think it's going to happen.

MR. MORALES: At this point I'm not prepared to answer that. The only projects that we asked the development piece that we have and we've taken into account for this year are the ones that I identified in the deficit reduction piece. Outside of that, no and--

COUNCIL MEMBER BREWER: [interposing] If somebody can let me know because you know everybody said this was going to bring in a lot of money.

MR. MORALES: I know and we'll have somebody from development do something for you,

have a conversation for you.

COUNCIL MEMBER BREWER: I predicted this. On CC-TV and any other, are there any technology aspects to the budget? In other words there is a hope to have more streamlined technology at NYCHA that would produce some savings. Is there anything along those lines in technology now or are you still looking at CC-TV and how it can connect to the intercoms and so on and so forth.

MR. ANDREWS: As you know, we have an ongoing proof of concept in Staten Island and in parts of Manhattan.

COUNCIL MEMBER BREWER: Yup, and in the Bronx too, I think.

MR. ANDREWS: And the Bronx so we are hoping down the road that will bring in some revenues. Right now we can not make any predictions.

COUNCIL MEMBER BREWER: Okay, so the contracts that you have are still ongoing?

MR. ANDREWS: Yes, they're still working and they're still wiring buildings and things like that--

COUNCIL MEMBER BREWER:

[interposing] Thank you.

MR. ANDREWS: There's a nice project that we have going on which is improving service, doing all kinds of things. We've spent millions of dollars on this and we hope it will pay off in terms of lots of efficiencies but more than that, service to our residents.

COUNCIL MEMBER BREWER: In the future I would love to get, not to take time now, a budget breakdown on the technology. Okay? Thank you. Thank you Mr. Chair.

CHAIRPERSON DILAN: Thank you Council Member Brewer. Council Member Avella and that would conclude questioning for this panel.

COUNCIL MEMBER AVELLA: Thank you Mr. Chair. Two quick issues, one, I was actually going ask only about one but I wanted to get back to Council Member Brewer's question about the trees. The 10,000 trees, what's the time frame for the planting of those?

MS. LOPEZ: We have been able to put 6,000 so far then we are 4,000 short at this moment. But all of them are scheduled to proceed

by the end of this year. As you know, we can not be planting trees during this season because the problem of the rain, every tree needs 40 gallons of water a week and if we don't have that water in place they die. Then it's a particular season in which you plant them to make sure that they survive.

COUNCIL MEMBER AVELLA: Who actually is responsible for maintenance of the trees on your property? Is it you or the Department of Parks and Recreation?

MS. LOPEZ: The ones that are in our property is us.

COUNCIL MEMBER AVELLA: Okay because you made a statement and maybe you used the wrong word when you were talking about 60 year old trees need to be replaced. Did you mean when they're dead?

MS. LOPEZ: No.

COUNCIL MEMBER AVELLA: Or does the Housing Authority have a different sort of policy when it comes to--

MS. LOPEZ: [interposing] No, no. If they are sick, if they're dead then you have to

replace them.

COUNCIL MEMBER AVELLA: That's what you meant not just because they were 60 years old. Okay.

MS. LOPEZ: No, no, no, no, no. We love old people. We love old trees. We love all things.

COUNCIL MEMBER AVELLA: I just wanted to make sure.

MS. LOPEZ: No, I'm sorry. I maybe mis-spoke when I said that. But what I was talking about was that for reasons that have to do with age, some of them die at 60 years old.

COUNCIL MEMBER AVELLA: Right, okay. The real question I had and I want to get back to the testimony about the Section 8 transfer. What is the benefit, if you can go through this for me, for the tenant and for the Housing authority to transfer all of these units to Section 8?

MR. MORALES: This is really a function and a concept of economics and budget, right? To keep NYCHA afloat because we have these deficits that run in the city and state. So

there's a financial benefit to the institution by finding a separate source of income from the federal government to help float. It's only 8,400 units not more than that because that's what we had calculated some years back to allow us to make up a deficit. If it goes through fruition in terms of the total dollar amount I think it gets up to about \$75 million once we do the 8,400 units. If we look at that deficit in terms of the city and state, it makes up 2011 at \$75 million. It allows us to kind of float the buildings and allow us to do that.

What does it do for the residents or for the people who actually convert? The people who actually convert, they get a voucher and that's portable; it can go to other places. It keeps the NYCHA building as affordable for both resident and for people who are on the Section 8 list. And it gives them affordable decent housing, those are the benefits. The actual benefit because of the plan was to stop the gap in terms of financing the deficit to bring in some kind of money. If there's another way of doing a federalization piece, we jump on that.

COUNCIL MEMBER AVELLA: I'm glad you answered it in that fashion because the question I want to get at is it's my understanding that we only get a finite number of Section 8 vouchers, right?

MR. MORALES: Correct.

COUNCIL MEMBER AVELLA: So that if we're taking some of that number, that finite number and using it for the Housing Authority residents and for the Housing Authority itself to save some money, that then means that there are less Section 8 vouchers for the general public who need it for other housing. Is that correct?

MR. MORALES: That is an issue and a struggle that we have concerning resources and what's made available. From my standpoint, from Chairman of the New York City Housing Authority, I have to actually fall in the favor of the Housing Authority. As hard as that sounds because it's just we have to preserve what the charge that I have is and that's what it is.

Is it a hard thing because there are less vouchers and the availability? Yes, it is. But I got to tell you from my vantage point,

I got to save NYCHA unless I could get more funds from the city, state or the federal government.

COUNCIL MEMBER AVELLA: Actually that was going to be my point, that it may not be doing the city, the general population a great service by not saying that, by doing this we're actually short changing other people who need Section 8 housing. Perhaps it might be just better to give you the money in the first place so that all those vouchers are available to everybody else.

[Applause]

COUNCIL MEMBER AVELLA: I'm a little bit concerned about this. I understand you're doing your job but I don't think the message gets across that by doing this there are going to be other people who want that Section 8 housing, who need that, who aren't going to be able to get that voucher.

MR. ANDREWS: At the time that that was proposed and put forward, the market for Section 8 housing availability was pretty bad. At one point in time people who had an actually voucher could not even use it. So there are some

supply and demand issues there. One thing that we guarantee with these 8,400 there is a place for a person who has a voucher to go and they're not subject to, one, discrimination, all kinds of other things that occur in that marketplace. Yes, there is a reduction but there are benefits on the other side to groups of people in the City of New York who need housing and that was part of our decision making process.

COUNCIL MEMBER AVELLA: Thank you Mr. Chair.

MS. LOPEZ: One more thing Council Member in appreciation of your concern, this also allowed NYCHA to move the waiting list and that is good for the public in general. To move that waiting list is critical. The waiting list of people--but those people are not residents of the Housing Authority, the ones that are on the waiting list, they are residents of New York City that are desperately looking for an affordable place to live. That helps the public because they are not our residents when this list is moved forward. It's moved in a way that allows new people to come in and to have a place to live that

1
2 is adequate and affordable. That's another
3 component that you have to look at it.

4 From my part I'm going to tell you,
5 I am not a person who thinks that this was the
6 best solution. But I believe that this solution
7 allowed to help New York City to continue to move
8 forward with affordable housing and the
9 maintenance of it. That is, at the end of the
10 day, what this solution did. This solution is not
11 the best one? No. Federalization would be the
12 best one; give it to us.

13 COUNCIL MEMBER AVELLA: Margarita,
14 that was not my point. I appreciate what you said
15 in response I just think that by saying it the way
16 you do, you are in effect eliminating a whole
17 issue that you should be getting the money in the
18 first place. Those Section 8 vouchers should be
19 available for everybody in the City of New York.
20 That's my only point.

21 MS. LOPEZ: We don't disagree.

22 COUNCIL MEMBER AVELLA: Okay.

23 CHAIRPERSON DILAN: I'd like to
24 thank you Council Member Avella. Those are
25 concerns also brought up by myself and the

subcommittee Chair on Public Housing and the Speaker as well. I think Board Member Lopez' point is also well noted that the private market, via the Section 8 vouchers allowed entry into NYCHA so they're not giving them to current NYCHA residents. In that way it is of a benefit. I'd like to thank the members of the Board. I do have to continue. We're well behind schedule and we have two agencies that are here so I have to proceed to HPD.

I'd like to thank you for your time. I'd like to personally thank you for your efforts in getting this agency in the direction towards balance. And on a personal level I hope you are not going far. We appreciate the work of this entire board on behalf of the millions of residents who live in public housing. Thank you. A quick one.

MR. MORALES: One is thank you so very much for the support.

[Crowd chanting]

CHAIRPERSON DILAN: That's not the way you get it.

MR. MORALES: Thank you very much

1
2 for your support in the last five months. I'm
3 only as good as my staff; they're great. But I
4 just want to thank the residents of the New York
5 City Housing Authority for just being the best and
6 supporting me during these five months. Thank
7 you.

8 CHAIRPERSON DILAN: Thank you very
9 much. Okay. We'll take a two minute recess and
10 then we'll be joined by HPD.

11 [Pause]

12 CHAIRPERSON DILAN: If everybody
13 could be seated. Before we resume the hearing I
14 just want to acknowledge that we've been joined by
15 Council Member Robert Jackson who is a member of
16 the Housing and Buildings Committee as well as
17 Council Member Melissa Mark-Viverito. We will now
18 continue the hearing with testimony from
19 representatives from HPD and I'd like to without
20 further a due, just ask the panel to introduce
21 themselves and they can go right into their
22 testimony.

23 HOLLY LIGHT: Good morning Chairman
24 Dilan, Chairman Weprin. Is he here? Nope. I am
25 Holly Light, Deputy Commissioner of Development at

the Department of Housing Preservation and Development. Joining me are Molly Wassopark, Assistant Commissioner of our Budget Division and Vido Mustachulo, acting Deputy Commissioner for the Office of Preservation Services. I apologize on behalf of Commissioner Cistero. He could not be here. As I Believe you know, there was a death in his family this past weekend. In his absence I am pleased to be here this morning to discuss HPD's fiscal year 2010 executive budget.

First, though, I would like to update you on the progress of the Mayor's New Housing Marketplace Plan. Since the Mayor took office in 2002, the city has funded about 100,000 units of affordable housing, of which 85,000 were started under the Mayor's 165,000 unit affordable housing plan. Last year due to the city's capital budget cuts the plan was stretched out for a year to 2014. But I want to assure you that we remain committed to the goal of building and preserving 165,000 units of affordable housing, especially for those most in need.

75% of our housing is targeted to households earning up to 80% of AMI, which is

1
2 approximately \$62,000 for a family of four. HPD
3 faces very different challenges today than a year
4 ago. We all know that with the decline in the
5 capital markets, New Yorkers are losing jobs,
6 neighborhoods are threatened with destabilization
7 and families across many economic strata are in
8 distress.

9 HPD's goal is to retool the new
10 housing marketplace plan and adjust its programs
11 to ensure that New York City continues to produce
12 and protect affordable housing during this
13 downturn. And emerges from this recession
14 positions to capitalize on a revived real estate
15 market and the renewed availability of capital.

16 As you know, Commissioner Cistero
17 started his most recent tenure at HPD moments
18 before we submitted our most recent budget plan.
19 As a result we have not yet had the opportunity to
20 reconfigure the new housing marketplace plan along
21 the lines of his vision to achieve its goals in a
22 similar timeframe despite continued budget cuts
23 and market constraints. We are working on an
24 adapted plan as we speak and we'll come back to
25 you soon with our revised version.

Over the years the city has invested hundreds of millions of dollars in communities across the five boroughs. We are confident that focusing our energies on stabilizing households and neighborhoods and developing initiatives that respond to the current crisis while positioning us for an eventual rebound will enable us along with the innovative programs that carried us through the first half of the plan to achieve our goal of creating and preserving 165,000 units. And making New York City a more affordable place to live.

While we continue to create opportunities for the development of new affordable housing, preserving existing units is critical to HPD's mission, especially in today's economic climate. I'd like to take a few minutes to describe some of our preservation projects currently underway.

The Bridge, a not for profit organization that was established to assist people with serious mental illness, substance abuse issues and homelessness will redevelop 81 units in five buildings that were initially opened between

1981 and 1990 to serve seniors with chronic mental illness. All the units will remain dedicated to 100% low income seniors, below 50% of AMI under HUD Section 202 program. The building is located on the upper west side, East Harlem in the East Village. Have between 15 and 18 units each, including a unit for live in staff. The entire project will be refinanced and moderately rehabilitated using HDC bonds, 4% tax credits and \$3.4 million in Reso A funds that the Council set aside for distressed HUD housing in FY 08.

Both the Lower Manhattan Development Corporation and Battery Park and Battery Park City Authority are supporting the renovation of Maserick Towers, a HDLC co-op in Councilwoman Rosie Mendez' district. These four buildings have more than 1,100 units and the maintenance fees are affordable to families making less than 80% of AMI. HPD is providing a 8A loan for the renovation work which includes new roofs, removal of asbestos, repairing elevators and performing exterior waterproofing and masonry repairs. We hope to close this loan by the end of this fiscal year.

A third project HPD is funding and expects to close in 2010 is the 198 unit HUD property in upper Manhattan. It was purchased through the acquisition fund and will be renovated as long term affordable housing by Jonathan Rose Companies. HUD will continue providing Section 8 vouchers and the city will provider over \$5 million in capital for rehabilitation. The developer is applying for HUD funds for energy savings and green measures. If they are successful, it will be one of the first green projects to utilize those HUD funds.

HPD also works to preserve affordable units by addressing the physical conditions in the city's privately owned housing stock. I would like to take this opportunity to thank Council Member Dilan and Weprin for sponsoring HPD's Owners Registration and Emergency Repair legislation. Both are important to our preservation efforts. The former allows HPD to temporarily invalidate a prior owner's registration so that we can send a notice of violation to the actual owner, even if he or she is not properly registered. The latter bill

allows the Department of Finance to include a charge for unpaid emergency repair work on a property owner's quarterly statement. These laws streamline our processes and make HPD's preservation efforts more efficient, which is good for everyone.

While the 2008 Housing and Vacancy survey shows that neighborhood conditions are at their best level ever, there are privately owned properties with serious code enforcement issues. Our Code Enforcement Division, led by Vido Mustachulo plays a critical role in our preservation efforts by ensuring compliance with the Housing Maintenance Code, New York State's multiple dwelling law and by responding to calls to 311.

Between July 1, 2008 and April 30, 2009 we inspected 525,769 complaints. About 101,000 of those were heat and water complaints and about 40,000 were lead complaints. Compared to the previous fiscal year overall inspections in response to complaints increased by 11%. This year HPD inspected 25% more heat and hot water complaints and as a result issued 30% more heat

and hot water violations than last year.

We spent \$14,742,000 on non-lead ERP work, up 30% from last year. An additional \$4,137,000 was spent on emergency lead repair work, 3% more than last year. Our housing litigation division initiated 13,560 cases, up 8% from last year. And collected about \$4.4 million in fines, a decrease of 6% from last year.

We all hear about the magnitude of the mortgage foreclosure crisis and understand the need to work together to confront the effect it has on our communities. There were nearly 15,000 that's pending filed in 2008 and we expect the number to rise to close to 20,000 this year. Brooklyn and Queens continue to be the most vulnerable boroughs with two-thirds of the city's foreclosure auctions taking place in Queens.

The Center for the New York City Neighborhoods was established to link New Yorkers with organizations that can help protect them from foreclosure. The budget for the Center comes from a variety of sources including the Council and private philanthropic donations. I think you will be happy to hear that the administration is

contributing \$2 million to the center this year and we hope the Council will continue their very generous funding as in past years.

As many of you know, the CNYCN is a not for profit created by HPD designed to help people in risk of foreclosure stay in their homes. The center supports a network of non profit service providers that offer free housing counseling and legal services to people facing foreclosure and gives funding and technical assistance to community groups that provide direct services to individual homeowners.

In February the Center will launch a call center that serves as the primary point of contact for all NYC homeowners in distress. When homeowners call 311 they are transferred to the CNYCN call center, which conducts intake interviews and connects homeowners to free expert counseling services in their neighborhood. The Center expects to serve 5,000 before the end of the year. As of April 30th, more than 3,000 intakes were conducted and over the same period more than 2,000 homeowners were reached through community education events.

Preliminary data from the client's council from July 2008 to March 2009 shows that 1,900 clients received budget and financial planning services. 369 clients had loan modification requests submitted. 92 clients have received loan modifications and only 10 were foreclosed upon.

I'd like to take a minute to acknowledge Councilman Fidler for a recent proposal he made regarding notice to troubled building owners. He suggested the city add a notification on quarterly statements of account alerting property owners when they pay their real estate tax is that they should call 311 if they're having trouble making their mortgage payments. We reached out to the Department of Finance to discuss the possibility of implementing this. DOF agreed that such a notice would be beneficial. This message will be included in everyone's tax bill starting in July 09.

Preserving affordable housing and keeping people in their homes are critical in HPD's mission. So, too, is expanding our housing stock to accommodate the city's growing population

and make housing more affordable for all New Yorkers. We are committed to ensuring that we continue our pipeline of new construction projects in key neighborhoods citywide, particularly targeting low and moderate income New Yorkers.

We are actively exploring a number of creative and cost effective ways to capitalize on current market conditions to create affordable housing, such as facilitating the conversion of stalled market rate projects to affordable housing. In September 2008 HPD issued an RFP for the last three remaining large residential sites in the Melrose Commons Urban Renewal Area in the South Bronx where thousands of units of housing have been developed over more than a decade. The proposed programs and configurations for these sites were borne out of the South Bronx Initiative, the Mayor's interagency task force that coordinated with public officials and community boards as well as local organizations and institutions to develop a comprehensive community plan for the South Bronx.

We received 20 submissions in response to the RFP, which we are currently

evaluating. We expect to designate developers for the three sites over the summer. The resulting projects will maximize the development of affordable housing, producing up to 750 units, at least half of which must be affordable to households at or below 60% of AMI, that's \$46,000 for a family of four. Provide open space, retail and community facility spaces and rationalize traffic patterns. Most of the proposals we received include multiple buildings with a combination of low and mixed income home ownership and either housing for seniors or special needs populations including one for retired musicians.

HPD is also committed to building green. As you know, in Spring 2007 the Mayor launched his PlaNYC initiative. Two weeks ago Council Members Recchia and Gennaro introduced two green initiatives that could dramatically improve energy efficiency and reduce costs in residential buildings. Intro 967 will require owners of existing buildings larger than 50,000 square feet to conduct energy audits every ten years and retrofit their buildings to maximize energy efficiency. Intro 973 requires that lighting

systems in buildings over 50,000 square feet be upgraded to meet the requirements of the new NYC Energy Conservation code.

HPD supports these initiatives. And is exploring ways to require retrofitting in our preservation programs as well as other green elements in our new construction projects. One of our recently completed green projects is the Women's Housing and Economic Development Corporation's Interveel Green Development, also in the Bronx. It includes 88 affordable, energy efficient rental units for households earning at or below 60% of AMI.

Not only are all the appliances Energy Star, the windows are double pane, low emission and argon filled. The flooring is made of recycled material. The grounds include a private sculpture garden and the building has a green roof. WHEDCo claims that tenants electricity bills will be 30% lower than a similarly sized non-green unit. The development was submitted by HDC to a national competition sponsored by the Charles L. Edison Tax Credit Excellence Awards and won first prize for green

affordable housing.

Last but not least I would like to discuss the Mayor's 2010 executive budget. There is no question that this is a difficult budget year on both the expense and capital fronts. However, we are lucky that housing is a very important piece of the federal stimulus bill which will help mitigate reductions in the city funding. HPD received \$26 million in Community Development Block Grant money through the federal stimulus package passed in February. We will use these funds to supplement our neighborhood stabilization efforts through the Emergency Repair program, demolition of unsafe structures and our Division of Neighborhood Preservation.

Further we expect to receive \$85 million through the state's allocation of TCAP dollars. These funds will enable us to close on projects that have been delayed due to a decline in tax credit pricing. We also recently received notice of our fiscal year 2009 federal budget levels. There was some good news in an otherwise status quo budget. HPD received an additional \$13 million in home funds. The Obama administration's

proposed fiscal year 2010 budget includes level funding for home but significant increased for CDBG and Section 8.

Furthermore, proposes funding for new programs that if enacted could be very good news for affordable housing in New York City. The proposed budget includes \$1 billion for a low income housing trust fund, \$250 million for new choice neighborhoods program that would allow for comprehensive neighborhood redevelopment and \$100 million in an energy innovation funds. We're looking forward to working with our excellent delegation in Washington and with the Obama administration to ensure robust funding levels for federal housing programs.

On the city side, the executive plan expense budget for fiscal year 09 is \$712.7 million. We project that our fiscal year 2010 budget will be at least \$635 million once we include the federal funding that will be added after adoption, plus additional stimulus funding that has not been finalized. It's important to note that HPD's FY09 budget included funding for a number of one time initiatives so it is somewhat

misleading to compare FY09 budget to FY10. For example FY09 included more than \$27 million for demolition work we are performing for the Hudson Yards Development Corporation.

However, there are significant reductions to our budget beginning in FY10. As you are aware, all city agencies were asked to take expense budget reductions in both January and Executive Plans. In addition to the executive tax levy cut, HPD was also called upon to reduce CDBG spending. About two-thirds of HPD's tax levy budget is spent on personnel costs. In this environment and after reduction targets in five consecutive budget plans, HPD is no longer able to avoid layoffs.

The layoffs across all areas of the agency and affect individuals at all levels, matching the distribution of our tax levy funding. Over the January and Executive budget plans and across tax levy and CD, we are reducing our headcount by about 120 people or roughly 5% of total agency staff. The good news is that less than half of these reductions will be achieved through layoffs. To the maximum extent possible,

we're using attrition and redeployment opportunities to reduce our city funded headcount, thereby minimizing the impact on people.

On the capital front, the city including HPD had to take a 30% reduction in the capital plan each year from FY10 to 19. For HPD this amounted to a cut of over \$1 billion. When combined with our September plan reduction, the total cut was 44% or about \$1.3 billion. Nevertheless as I mentioned at the beginning of this testimony, HPD remains strongly committed to building and preserving 165,000 units of affordable housing through 2014. Because Commissioner Cistero started at HPD only days before the capital budget submissions were due, our plan does not fully reflect the new initiatives we are now developing. We are working with our partners to restructure our capital plan going forward.

In closing, let me reiterate that while we have challenges ahead, on behalf of Commissioner Cistero and all of us at HPD, I can say that we look forward to working with our government partners to creatively address these

1
2 issues. We will continue talking with you and
3 traveling to Albany and Washington to fight for
4 funds and the flexibility to create and implement
5 alternative programs that seek to address all of
6 our communities' needs. Thank you for this
7 opportunity to share with you the highlights of
8 HPD's progress and plans for the future. Molly,
9 Vido and I would be happy to take any questions.

10 CHAIRPERSON DILAN: Okay. I want
11 to start by offering my sincere condolences to the
12 Commission on behalf of this committee on the loss
13 of a beloved family member. We wish him well as
14 he goes through the suffering that I'm sure he's
15 going through.

16 Then before I get into questions I
17 just want to acknowledge that we've been joined by
18 Council Member Elizabeth Crowley who is a member
19 of the Housing and Buildings Committee.

20 I just want to do some couple of
21 expense budget questions and I want to start
22 around the layoffs. Now you stated that there was
23 going to be 128 layoffs. Could you just repeat
24 for me how many are going to be due to attrition?
25 You need to identify yourself in your own voice.

MOLLY WASSAPARK: Molly Wassapark, Assistant Commissioner for Budget. We anticipate reducing our total headcount by about 120 people overall. 56 of those will be through layoffs, approximately; things may change on the margins but about 56 people will be let go. And then the remainder will be managed through either attrition or to redeployment from tax levy funded positions into positions that are funded with federal funds.

CHAIRPERSON DILAN: Like the block grants. I'll get into federal stimulus later but you do have some un-earmarked stimulus, which I heard you announce in your testimony. You detailed at least three programs that you're going to use stimulus funds for. Is there anything that the un-earmarked stimulus can be due to potentially save these titles?

MS. WASSOPARK: I think what you're referring to is the TCAP money, the \$88 million. And that is very specifically intended to close gaps in the capital budgets of projects. So it is not eligible for staff purposes.

CHAIRPERSON DILAN: In your stimulus funding, is there nothing that can allow

you to be used on the personnel side?

MS. WASSOPARK: The stimulus CDBG money that we used can. A piece of it will be ultimately used for PS costs. What we were faced with this year was a situation where we had rising expenses, largely because of the state of the economy. Demand, particularly, for emergency repairs, for demolition, all of which Vido can go into more detail on, has really spiked. At the same time, our base line funding has gone down. So what we chose to do largely was to use the stimulus money to be able to meet all of the ERP and demolition demands.

CHAIRPERSON DILAN: Of the 56 people that are going to be laid off, what type of titles are we talking about?

MS. WASSOPARK: It's truly across the board from clerical associates on up. There's a predominance in the clerical titles but it is truly across the board

CHAIRPERSON DILAN: So they're coming from every division within the agency and you're taking a couple people from every division, basically?

MS. WASSOPARK: Yes.

CHAIRPERSON DILAN: Are these civil service titles involved?

MS. WASSOPARK: Everybody on the list is provisional.

CHAIRPERSON DILAN: Provisional, okay. What's the current status, just shifting a little bit, the current status of the 421-A program and the affordable housing trust fund that was created when we reformed 421-A in 2006?

MS. LIGHT: The status of the 421-A fund is that it is being negotiated still between the city and the state. We anticipate that it will start to be available in 2010 for, as you know, the full amount is \$400 million and that will come through in tranches over several years. We anticipate hopefully somewhere in the neighborhood of \$30 to \$40 million starting in 2010.

CHAIRPERSON DILAN: I want to go back to the stimulus a little bit here in a little more detail. How did the agency and OMB, I guess--first before I do that could you restate the stimulus money that you do have earmarked? Could

you restate again what those categories are?

MS. LIGHT: Sure. We'll sort of split this. One of the sources, the \$85 million that's the TCAP is very specifically allocated to the state to plug gaps in projects that use tax credits because the tax credit market sunk and as a result gaps were created in all of our tax credit projects. The state sub-allocated to us about 30% of their total allocation, which was \$85 million. And that specifically has to be for projects that are prevailing wage and that have tax credits in them.

So we have programmed that for a number of projects, new construction, preservation, special needs and our Damp projects. It has to be spent by, I believe, February of 09. So they are all projects currently in our pipeline that have gaps in them because of the tax credit market. So that's one tranche.

Another is the neighborhood stabilization program money, which is specifically to help prevent foreclosure and to work on foreclosures. We have an REO program which we started. We actually are funding a staff person

through that, which is working with the not for profit Restored Homes to purchase foreclosed homes and then rehab then and resell them as affordable housing.

MS. WASSOPARK: Another sort of entirely separate stream of stimulus funding is the stimulus CDBG funding. We got about \$26 million. The bulk of that is going to go into the Emergency Repair program where it will pay for primarily fuel, utilities, which are areas where we have seen enormous increases in demand. We think those areas that are very sensitive to changes in the economy because as soon as rent rolls decline people lose their jobs and may or may not be able to pay their rent. The owners ability to pay for fuel and utilities is something that can change very quickly so we've seen a big spike there.

We're also going to be using stimulus CD funding for emergency demolition, another place where we've seen a huge increase in demand. Then to pay for some staff in the neighborhood preservation offices, which is a program area that particularly in this climate we

think needs to be very strong.

CHAIRPERSON DILAN: In your neighborhood preservation offices you're going to use \$26 million to pay for staff but how many jobs does that save?

MS. LIGHT: It's going to be--

CHAIRPERSON DILAN: [interposing]
Not all the \$26 million. I'm sorry, you're using a portion of that 26.

MS. LIGHT: Right. It's going to be \$3 million and that will cover about 55 people.

CHAIRPERSON DILAN: 55 jobs. You mentioned in up tick in needs for emergency demolitions and the agency is going to use part of that \$26 million in this regard. I guess how did you determine that this was the best use for some of the federal stimulus money there?

MS. LIGHT: As we say, there's been a lot of demolition activity going on. These demolitions are ordered by Department of Buildings and then HPD is actually works with the contractors to get the work done. The work has to get done. These are emergency conditions; there's not any space for negotiation. The question was

less do we want to say use stimulus money to increase the workload but we have a workload and we have to figure out ways to address it. We felt that all the stimulus funding coming with a variety of very strict--

CHAIRPERSON DILAN: [interposing] I guess my question here is of all the categories that you could have used, why demolition? I guess aside from safety, which is important, what's the economic impact of doing this to the city besides maybe providing work for some demolition contractors. Is there another benefit to going this route? And basically why this in terms of stimulating the housing economy?

VIDO MUSTACHULO: Hi, good afternoon. Vido Mustachulo from Enforcement Services. As Molly indicated, we're seeing a rise in the number of emergency declarations being issued, especially where HPD needs to take corrective action. If we do not use the stimulus money to address the demolition needs, we would have to reallocate money elsewhere from within the agency. So we did see that the stimulus money would better be served by offsetting some of the

increased costs in demolition.

CHAIRPERSON DILAN: Outside of stimulus money, what's the agency's budget? How much is dedicated to demolitions?

MS. WASSOPARK: Bear with me one minute. I just find my right notes. The CR budget for demolition is \$16.5 million and next year it is. None of that is stimulus money.

CHAIRPERSON DILAN: That's tax levy?

MS. WASSOPARK: No, sorry. It's largely CD. There's a piece of it that is tax levy. Next year it is \$13.5 million.

CHAIRPERSON DILAN: Okay. I guess aside from the neighborhood preservation offices, is there any other way in your view that the stimulus money has helped the agency avoid further headcount reductions?

MS. WASSOPARK: Yes, I do think it is. Even though we're not using the funding directly to pay for staff in most cases, to the extent that ERP and demolition are frankly non-negotiable costs. If we hadn't used stimulus money there, as Vido said, we would have had to

take the resources from elsewhere. Given the way our budget is structured, there likely would have been some additional staffing impacts.

CHAIRPERSON DILAN: I'm going to shift to the capital budget for a moment. Since the January capital plan, the budget's been cut as you said in your testimony another 30% primarily in the areas of new construction preservation. Could you please explain to the committee how HPD prioritized which program areas to cut? If you don't have it today could you give us a detail as to which projects got cut?

MS. LIGHT: We ended cutting about 30% across all programs. The exception to that is TPT in which rather than actually cutting anything we just stretched out the periods of time to better reflect how long it was actually taking to do the work and turn the buildings around anyway. The reality of the timeframe was longer than what was reflected in our budget. So in that case we were able to do fewer cuts and just draw it out slightly more. I believe TIL, do you want to talk to TIL.

MS. WASSOPARK: TIL we had held

almost completely harmless in the September cut because we think it's an important program. It's occupied buildings that we have a long time commitment to. Once we received the second cut target we did also take some reductions there as well. Predominantly by doing--what we think we'll do, a few fewer units each year. So it will take us a little bit longer to get through the TIL pipeline.

MS. LIGHT: That's really the case for all of the projects. We did not cut projects; we just pushed the timelines longer. We're hoping, as I said, that we are going to be able to go back and kind of refigure that a little bit to try to keep the plans on a shorter timeframe. But right now there are no projects that we've cut. We've simply drawn out the pipeline.

CHAIRPERSON DILAN: If I understand correctly, aside from those two program areas, there is an across the board move out into other fiscal years for every program in the capital budget? Is that an accurate assessment?

MS. WASSOPARK: Yes.

CHAIRPERSON DILAN: In terms of new

1
2 construction finance programs such as the low
3 income rental programs and multi family home
4 ownership programs. I believe these were also
5 moved out as well. What will be the impact on the
6 number of units developed and which neighborhoods
7 and communities will be affected most?

8 MS. WASSOPARK: Again, we are still
9 committed to the whole 165,000 units and the new
10 construction pipeline we had. It may take
11 slightly longer to get there. In some case how
12 the projects end up getting allotted is going to
13 be dictated by what the banks will lend and what
14 the financial markets dictate. So we are able to
15 do a lot more right now, low income rental housing
16 because banks will lend on that because it's less
17 risky.

18 A lot of those projects are
19 continuing on the same timeframe they would have
20 before. What's tending to slow down a little bit
21 more is the mixed income projects. Those will
22 take a little longer to complete and some of the
23 home ownership projects, which it's much harder
24 for developers to get bank financing are. We
25 aren't abandoning any of those projects it will

just take a little bit longer.

CHAIRPERSON DILAN: Since you touched on it, how has the economic downturn and the lack of credit affected the new housing marketplace plan?

MS. WASSOPARK: Primarily it's affected the new construction pipeline in that, as I said, it's very difficult to get financing and loans right now to go into home ownership and mixed income so some of those have slowed down. In a few cases some have converted to rental projects but the majority we're keeping as is but just slowing them down.

CHAIRPERSON DILAN: Do you find a lot of your developers are coming back to you looking for gap financing and that's what the TCAP program will be used for?

MS. WASSOPARK: Absolutely. Because the tax credit pricing has gone down, new gaps have come in. Banks have much more stringent terms this year than they have had in past years. So fees are more expensive for banks, for letter of credit. It is definitely accurate that projects by and large have gotten more expensive.

CHAIRPERSON DILAN: I'm going to wrap up. I just do have just some brief comments. When you referred to TCAP in terms of stimulus and the un-earmarked stimulus you were referring to TCAP? Were there any other areas of stimulus that the agency has un-earmarked?

MS. LIGHT: There is not although we expect that--the un-earmarked is what we have not received finality on, which I think are mostly future buckets that we're waiting to hear details on. Is there any other?

CHAIRPERSON DILAN: Okay, got it.

MS. WASSOPARK: The TCAP money is not physically in our budget yet. We fully expect to get \$88 million and as Holly said we've already identified largely the projects that that will go to but because of the various process steps between the funds getting from HUD to the state and to the state from us, you can't find it in our budgets. So that's one of the things that will be added.

We are also optimistic that we will get some weatherization assistance funding through the state. We won't know about that until the

fall. Then there's going to be a competitive process with HUD for neighborhood stabilization program two. Again, we're not exactly sure of the timing of that and we don't have any sense of the value that that will bring.

CHAIRPERSON DILAN: The TCAP money will be reflected in your expense or capital budget.

MS. WASSOPARK: Expense.

CHAIRPERSON DILAN: Expense budget. Lastly, I'd like to just comment that I'm proud to see that the Center for New York City Neighborhoods funding has been picked up in the executive budget. It was something that was a major point of contention during the prelim. Glad you guys got it right. At the appropriate time after the Commissioner has had enough time to put his fingerprint on the new housing marketplace plan, I'd like to have an oversight hearing on it so he can share his new vision with the committee and the city as a whole.

With that, I'm going to turn to Council Member Mendez and she'll be followed by Council Member Gale Brewer.

COUNCIL MEMBER MENDEZ: Thank you for being here and please extend my condolences to the Commissioner. Currently HPD funds community based organizations through two programs, the Community Consultant Program and the Neighborhood Preservation Program. I understand that this year with all of the significant cuts there's been changes to the program that now only 27 groups through the entire city will be funded through neighborhood preservation based on an evaluation that HPD did in all the communities.

I was told there was only one group being funding in the MPP program in lower Manhattan and one in upper Manhattan. Is that correct?

MS. WASSOPARK: One minute.

COUNCIL MEMBER MENDEZ: Take your time, it gives people time to get settled in.

MS. WASSOPARK: There are two groups in Manhattan. I don't have the exact names with me but we can get back to you.

COUNCIL MEMBER MENDEZ: But there is only two groups in Manhattan now funded through the MPP program?

MS. WASSOPARK: Correct.

COUNCIL MEMBER MENDEZ: And how many groups were there in the previous fiscal year, funded through that program?

MS. WASSOPARK: I don't have that with me. We'll have to get that to you. Across the various categories of community groups that are funded, there's a total of 33 groups that are working in Manhattan. 33 contracts that are in Manhattan, that includes the legal services, the community consultants and others.

COUNCIL MEMBER MENDEZ: Can you repeat that please? I'm having a little trouble hearing with the background noise. Can you pull the mic closer?

MS. WASSOPARK: Sure. When you include the legal services contracts and the other--

COUNCIL MEMBER MENDEZ:
[interposing] Well I'm not including those because that's additional money and sometimes different organizations. But sometimes supplemental money that goes to the same organizations to do similar or additional work.

MS. WASSOPARK: So yes, it is two contracts in Manhattan.

COUNCIL MEMBER MENDEZ: And you don't have the number for the previous funding, how many groups?

MS. WASSOPARK: I can get that for you.

COUNCIL MEMBER MENDEZ: Do you know how many groups were funding last year, you probably don't have it if you don't have it for Manhattan. How many groups were funded through MPP last year in the last fiscal budget?

MS. WASSOPARK: I'd have to get back to you on that.

COUNCIL MEMBER MENDEZ: But it is in fact going to be 27 in this fiscal budget for the entire city?

MS. WASSOPARK: Something like that, yeah. We'll confirm all of these numbers.

COUNCIL MEMBER MENDEZ: Can you please explain to me what was the criteria used in evaluating the groups and which 27 got funded?

MR. MUSTACHULO: I have to apologize. I actually just took over this area

last week so I will have to get back to you with the--

COUNCIL MEMBER MENDEZ:

[interposing] There's no one here who has the answer?

MR. MUSTACHULO: Unfortunately, no.

COUNCIL MEMBER MENDEZ: Okay. So--

MR. MUSTACHULO: [interposing] We can set up some time to meet with you and to go over in detail all of these.

COUNCIL MEMBER MENDEZ: I'm sure my colleague Gale Brewer would like to join me on that one.

COUNCIL MEMBER BREWER: What we'll do is we'll make sure that our groups get funded, Rosie.

COUNCIL MEMBER MENDEZ: Okay. Can I ask you if any stimulus money that has been set aside for homelessness prevention is going to be able to go through these programs since they are doing homelessness prevention of a sort and there are constructive evictions and it helps keep people in their homes?

MS. WASSOPARK: DHS is receiving

all of the homeless prevention stimulus funding.

COUNCIL MEMBER MENDEZ: So none can be funneled through these programs through the DHS?

MS. WASSOPARK: I don't have the details on how DHS is distributing their funds. It may ultimately be some of the similar organizations. It won't be the same contracts.

COUNCIL MEMBER MENDEZ: We've been asking these questions from March when we found out about the stimulus money and it's very disconcerting that it is now late May, almost June and the most important thing in this city is housing. Clearly, budgets are being cut, we're having this fiscal crisis. But we need to help people keep their housing. We need to figure out how that money gets to the groups that can keep people in their homes.

The testimony on the first page it states that since the Mayor took office, and I'm quoting here, in 2002 the city has funded about 100,000 units of affordable housing of which 85,000 was started under the Mayor's housing plan. You're saying funded, tell me how many units have

1
2 actually been created and how many are in the
3 pipeline and the income levels for that please, as
4 well.

5 MS. LIGHT: The pipeline really
6 would be reflected by those numbers, 100,000. We
7 count the starts when it closes on financing so
8 those are the ones that are in construction
9 through completion. Our predevelopment pipeline
10 is probably another 5,000 to 10,000 that are kind
11 of predevelopment, pre-closing. So we're
12 projecting to close about 12,000 units this year
13 and similar numbers for the next couple of years,
14 a little bit more hopefully. So we have a fairly
15 robust pipeline already for '10 and to a degree
16 some in '11 if you assume about 15,000 in the
17 pipeline plus 100,000 that are in some state
18 between starting construction and completion. The
19 actual number of completions is 72,434 as
20 reflected at the end of March.

21 COUNCIL MEMBER MENDEZ: And what
22 are the income limits for those units that were
23 actually created and the ones that are in the
24 pipeline?

25 MS. LIGHT: As I mentioned, 75% of

the housing started to date is up to 60% of AMI so the vast majority is low income. And then the remainder goes up to 165,000, the exact we can get you the exact split of that additional 25% and those tiers.

COUNCIL MEMBER MENDEZ: Can you tell me how many units of luxury housing were created with 421-A tax abatements and how much money was given in tax abatements?

MS. LIGHT: In fiscal year '09 or?

COUNCIL MEMBER MENDEZ: It'd be nice to know since 2002 but if you have it for 2009, I'll take that.

MS. LIGHT: We don't have the number of market rate units, not a ton in '09 I can say. We can get back to you with the entire number of market--

COUNCIL MEMBER MENDEZ:
[interposing] Since 2002.

MS. LIGHT: Sure.

COUNCIL MEMBER MENDEZ: And with the number of how much was given in abatements during those years. Thank you very much.

CHAIRPERSON DILAN: Thank you

Council Member Mendez. We'll have Council Member Brewer followed by Council Member Fidler.

COUNCIL MEMBER BREWER: Thank you. I just want to pick up on the anti-eviction at DHS. They have \$73.4 million. Rosie and I are fixated on that number; I am fixated on that number. My understanding is that if you work with your groups, if the groups have a contract with DHS they could be eligible for the anti-eviction. They may not know that. If they don't have a contract with DHS and they have one with you are they eligible? Maybe not, maybe yes, could you let us know?

And then the third possibility because I've spent hours on this already because I'm determined that we take every penny possible for the anti-eviction groups in the neighborhoods. They can sub-contract, perhaps. In other words you have a group that has an HPD contract, maybe they could subcontract with a group that has a DHS contract. Because DHS has to get the money out the door, I got that part. We have to find a way to keep people in their homes.

The best way to do it is to work

1 with neighborhood groups, legal groups, et cetera
2 so please think about ways of doing that. I
3 obviously want the West Side SLR project to get
4 some of that money and I am determined to do it.
5 They have a contract with you and they need a
6 subcontract with somebody else, we'll figure it
7 out. But that is a way to keep people out of DHS'
8 system. Many of your groups know how to do that
9 so I would urge you to coordinate and collaborate.
10

11 Number two is the tenant interim
12 lease that you mentioned, I know there were some
13 cutbacks. One of the concerns is will that impact
14 in any way the review of people coming in to TIL
15 who are supposed to have a certain income, et
16 cetera. Because you're supposed to review those
17 who come in to not just TIL but also the HDFC so
18 is there any impact of the budget cut? Any impact
19 on the review process for those you are HDFC
20 eligible or not?

21 MS. WASSOPARK: No.

22 COUNCIL MEMBER BREWER: Okay. The
23 other issue I have is regarding the incredible
24 work that we know that Vido Mustachulo does
25 regarding his new job in preservation but in

1
2 general in terms of oversight of inspections. One
3 of the issues is that if we're finding healthy
4 buildings, we're finding that groups like WHEDCo
5 have done a great job of asthma prevention because
6 it's a green building. That was quite an article
7 in the Times indicating that everybody who moved
8 into the building that had asthma no longer had
9 asthma because the green building was so
10 incredibly successful in being green.

11 So my question is, is there any way
12 funding wise that we're looking more extensively
13 at some of the asthma creating issues that are
14 part of your inspection process? Obviously you've
15 got the roaches and the mice and the pests. It
16 seems to me that this is an increasing place that
17 we need to look to, to try to avoid asthma. It's
18 a big cost I'm sure.

19 MR. MUSTACHULO: With respect to
20 additional funding, at this time we have not
21 thought about additional funding or areas where we
22 would need additional funding. We are working
23 very closely with the Department of Health and
24 Mental Hygiene on some new initiatives and some
25 ideas with respect to the asthma--

COUNCIL MEMBER BREWER:

[interposing] It does seem to me the green jobs, HPD and so on, stimulus money might be helpful because WHEDCo has been such an incredible example of what a green building can do positively. Am I right about that?

MR. MUSTACHULO: I agree. The building as a whole, yes.

COUNCIL MEMBER BREWER: So that would be retrofitting then?

MR. MUSTACHULO: Right, which can be extremely costly and difficult at times.

COUNCIL MEMBER BREWER: All right but healthy. Then the final issue I have is how many jobs totally with your stimulus money do you think you'll create or save? That was something I know that the Chairman asked about the neighborhood stabilization and that would be 55 people. But in general do you have some idea how many jobs created or saved would come as a result of the stimulus money?

MS. WASSOPARK: As I said, about 55 jobs that are HPD jobs then there's another we estimate 20 to 30 jobs that are going to be

generated through the emergency repair work that gets done and the demolition work that gets done. So those are not city workers, those are the contractors who will actually go out and do the work.

COUNCIL MEMBER BREWER: In this process do you have a lot of outside contracts? Obviously you need them for things like this that you're also looking to reduce? We're all concerned as we move into budget cuts that we try to preserve as many jobs as possible and reduce any outside contracts that could be done by city workers.

MS. LIGHT: Most of the work that we're talking about for ERP or demolition it's very small jobs that require particular skills. I think there would be concern. It's not a great fit for city workers but--I don't know if you want to.

MR. MUSTACHULO: Again, the work that we are doing with the stimulus money for demolition and emergency repairs which is fuel deliveries, it's really all outside contractors.

COUNCIL MEMBER BREWER: Okay. But

just in terms of general, not just stimulus money but in general, outside contracts for evaluation, for consultants for things that city workers could do. We're trying really hard as a Council to make sure that it is done as much as possible by city workers. Not so much the demolition but are there any other areas where you look to cut an outside contractor who's doing some kind of evaluative work that could be, with all due respect in this economy, foregone. Is that something that you've looked at?

MR. MUSTACHULO: We have and we'll continue to look at that. But again, I don't believe that there are any areas right now where we do outsource where the work could be done by city employees.

COUNCIL MEMBER BREWER: Thank you Mr. Chair. Please work with DHS, please. Thank you.

CHAIRPERSON DILAN: Thank you Council Member Brewer. Council Member Fidler followed by Council Member Crowley.

COUNCIL MEMBER FIDLER: Thank you Mr. Chairman. I apologize for coming in late and

I just really first wanted to extend my condolences to the Commissioner on his loss. Along that vein, I know many of us in this room know Larry Jason, who is the terrific Executive Director of Brooklyn Housing and Family Services. And Larry lost his wife very suddenly this morning as well so I wanted to let you all know that and extend my condolences in that way to Larry and his family.

The other thing is really just by measure of comment because everyone at HPD knows that I was not shy about commenting at the preliminary budget hearing when acting Commissioner Yarks noted that there was no money for the Center for New York City Neighborhoods in the budget at that time. I see that has been corrected, more than corrected. I just wanted to say thank you, good job. I don't say that a lot during budget hearings and I know the video tape is rolling. But it is an appropriate and good expenditure that is, in fact, saving people from foreclosures in this city. I appreciate the administration stepping up to their part of the partnership. I urge my colleagues in the Council

as we go through the budget process to maintain our commitment to it as well.

I am also very glad to read in your testimony that the Finance Department has taken our suggestion that the availability of the center services be put on property tax bills. It seems to be the most sensible place for them to be. People see that sticker shock, wonder how they're going to stay in their home and that's when they're thinking about it. I'm just glad that idea was accepted and that's really all I have to say. I wanted to say thank you.

MS. LIGHT: Thank you.

CHAIRPERSON DILAN: Thank you Council Member Fidler. Council Member Crowley.

COUNCIL MEMBER CROWLEY: Thank you Chairman. Earlier you spoke about a weatherization program that you may receive funding for. Could you explain if there is any type of weatherization program you currently do and then what are anticipating?

MS. WASSOPARK: Sure. The weatherization assistance program in New York State, the funds run from the Department of Energy

1
2 to the state. They typically then sub-grant the
3 funds to non profit organizations so there are a
4 number of organizations which I'm sorry I don't
5 remember off the top of my head, that are quite
6 active in New York City that distribute
7 weatherization assistance funds.

8 In the stimulus bill the amount of
9 money for weatherization assistance went up
10 substantially. The state is looking to add what
11 they're calling temporary sub-grantees. Either
12 municipalities or other non profits that would get
13 funding from this one time increase in the funds.
14 So New York City is looking to see if there is a
15 way that we can use those fund appropriately, not
16 in any way, shape or form to compete with the non
17 profits. They have a long history of doing that
18 work already. But ways that we can meld that
19 funding into our programs.

20 There's a lot of money in the
21 aggregate. It is limited in how it can be used.
22 It's capped at \$6,500 a unit so while you can do a
23 lot of good work for that you are not actually
24 creating--you're not going to be doing a green
25 roof for example with that. It's also capped at

60% of state area median income and because New York City incomes are higher than the state that actually translates into 50% of area median income for New York City, which will make it somewhat challenging to use. But we're definitely exploring all the roots.

COUNCIL MEMBER CROWLEY: If a unit has 50% of area income then you could potentially pay for up to \$6,500 of the cost, without the owner or the resident living within the unit paying for it?

MS. WASSOPARK: Correct. So for a multi family building, more than half of the units have to meet the income criteria and then there's a number of other eligibility thresholds as well. But if the building meets those criteria and an owner has to be involved as well. There's an owner equity contribution as well then up to \$6,500 can go into a variety of scope items based on an energy audit. It actually tends to be things like weather stripping and caulk, it can also be windows--

COUNCIL MEMBER CROWLEY:
[interposing] And who would do that type of work?

Would you hire people or would you sub-contract?

MS. WASSOPARK: All of those details are still to be determined because the state hasn't even issued its RFP yet. So we don't know if we'll get any funding and I think we're still working out what that would look like at HPD.

COUNCIL MEMBER CROWLEY: Of your budget, how much approximately, there was discussion earlier, Council Member Brewer was asking about sub-contracting. How much of your budget is really sub-contracted out for work?

MS. LIGHT: It's very little. Speaking on development, we have almost no contracts. The only time that we tend to use contracts is when we have to do environmental reviews that are fairly complicated. Then we have contracts to do EIS or specific testing for remediation environmental. Those are really almost the only in development. Now I know there's a little bit more in your world.

MR. MUSTACHULO: Right. With respect to demolition and emergency repairs, almost all of that is done by outside contractors.

Again, these are specialty items such as demolition where you need specialized equipment, trained workers, the delivery of fuel. So almost all of that work is contracted out.

COUNCIL MEMBER CROWLEY: Do you have labor standards when you contract out?

MR. MUSTACHULO: Do we have labor standards>

COUNCIL MEMBER CROWLEY: Yeah.

MR. MUSTACHULO: Yes. There's language in every contract.

MS. WASSOPARK: Just on the aggregate of our budget as it stands right now for FY10 is \$515 million give or take. Of that, \$150 million is staff so obviously there's no contracts there and another \$235 million is for Section 8 vouchers that where essentially we're a pass through there. So the universe of our budget that's even possible for contracting is fairly limited and Vido mentioned the areas where most of that takes place.

CHAIRPERSON DILAN: Thank you Council Member Crowley. Council Member James.

COUNCIL MEMBER JAMES: My

condolences to the Commissioner. I just want to also add my support and note the fact that I'm really happy that anti-eviction legal services was funded as part of the executive budget. I'm really, obviously, concerned about the number of constituents in my district in central Brooklyn who are facing foreclosure and who desperately need attorneys. So that thank you for including this and thank you for all that you are doing in my district. Thank you.

CHAIRPERSON DILAN: With that, seeing no further questions, I'd like to thank HPD for their time and testimony. We'll take a brief recess to allow for transition and for the Department of Buildings to come and enter. That would conclude the committee hearing at that point. I don't see Buildings here so if committee staff could reach out to Donald, I know he just walked out, we can get Buildings in here as soon as possible.

[pause]

CHAIRPERSON DILAN: I'd like the chambers to come to order, if the chambers could please come to order. We'll resume the hearing on

the executive budget for the agencies under the jurisdiction of the Housing and Buildings Committee. Before us now is the Department of Buildings. We've been joined by Commissioner Robert Lamandry. Without further ado I'd like you to get into your testimony. If you could summarize that testimony to budget actions it would be appreciated as we are severely behind schedule. You can get into your testimony and introduce the members of your staff that have joined you here today.

ROBERT LAMANDRY: Thank you, Chairman. Good afternoon. My name is Robert Lamandry, Buildings Commissioner of New York City. To my left is the First Deputy Commissioner Faht Manere. To her left is the Senior Counsel, Steven Kramer, and to my right is Marilyn King-Fester, Deputy Commissioner of Operations.

CHAIRPERSON DILAN: Before you continue I just have to note that this hearing will now be conducted jointly with the task force to improve the operations of the Buildings Department, headed by Jimmy Oddo. Commissioner it's all yours.

MR. LAMANDRY: Thank you. Our agency's core missions are clear, to advance public safety, facilitate compliant development and enforce the building code and zoning resolution. Last year our Department faced challenges never before seen. The two unrelated tower crane collapses made crane safety a focal point and we're finding new ways to improve high risk construction safety. We're also holding people accountable for their actions when they don't properly protect the public.

We are seeing signs of an improvement, construction fatalities are down 85% from 13 last year in calendar to 2 this year. In addition, we've seen a decline in excavation accidents since we launched our special enforcement plan in '07. Despite the current economic downturn--

CHAIRPERSON DILAN: [interposing]
Excuse me, Commissioner. If the chambers could please come to order, it's a little difficult hearing the Commissioner. Thank you.

MR. LAMANDRY: Despite the current economic downturn overall building permits have

remain active so far this fiscal year. We've seen approximately 4% fewer overall permits from the year before, though the breakdown of the types of permits is changing. New buildings and significant alterations are down, minor alterations are holding steady.

The activity of this Department is extremely busy as you all know. This fiscal year through April 30th we've conducted the following enforcement activities and services. We've conducted more than 200,000 construction inspections, 8% over last year. Our teams have conducted more than 156,000 plumbing, elevator, electrical, boiler inspections. We've responded to more than 114,000 complaints and our staff has issued approximately 58,000 environmental control board violations, over 8% more than the same period last year. And we continue to issue stop work orders, 12,000 this year.

We're also holding registered architects and licensed engineers more accountable than ever before. Since 2008 February we issued more than 90 violations to 22 different architects and engineers, which is a first for this agency.

Thanks to Speaker Quinn, Chairman Dilan in your efforts we are being able to meet our responsibilities as New Yorkers.

The Mayor's fiscal year 2010 executive budget allocated approximately \$102 million in expense funds to the Department, which excludes fringe benefits. Of this, approximately \$84 million is for personnel services and \$18 million is for other than personnel services. In major changes to our personnel budget was \$1.4 million was added for new staffing, a \$1.3 million added for collective bargaining and \$3.1 reduction for personnel savings.

The major OTPS budget changes were \$3.1 for private elevator inspection contract, \$1.7 for contract obligations and \$1.6 million for existing emergency contracts. The fiscal year 2010 executive budget revenue plan is approximately \$123 million and this does not include annual average of more than \$20 million in ECB fines that the city collects. The Department's budgeted headcount in FY10 exec plan is 1,290. This is a net decrease of 22 positions from the 2010 preliminary budget headcount of

1,312.

New York City is now facing tough decisions and we're contributing to the city's response to the current economic climate. During exec budget cycle, we've achieved savings by reducing our headcount by a total of 49 lines. We're eliminating vacant positions and working with the Office of Management and Budget to realign our headcount to support the priority safety and enforcement programs. Currently we will not lay off or terminate any active staff in this reduction. In addition our headcount increased by 27 full and part time lines to support the transfer of Loft Board staff to our department, increase the staffing related to the DOB related ECB hearings and a new licensing program.

Regarding our facilities accommodating our employees and filers has continued to become more challenging as our staff has grown in recent years. However, in this budget cycle we have gone forward and reduced our capital renovations program except for the One Center Street with slight delays.

Now I'll turn to construction safety and oversight where we spent a considerable amount of funds. Our agency is raising the construction standards through new legislation, rules and unprecedented industry analysis. I'll give you a brief overview. The high risk construction oversight study that we started in 2008 August. We have fully launched this study and we plan to go forward and provide the information that came of that in the coming weeks.

The HRCO as we call it focused on crane and hoist, concrete and excavation operations. These types of activities bring the greatest risk to workers and the public. We brought on more than 30 engineering experts, conducted a top to bottom review of the regulations, materials used, processes and systems employed in high risk construction on the job site as well as at the Department.

The HRCO experts also conducted a benchmarking study where they compared New York City's regulations and construction practices to those in 16 other national and international jurisdictions. DHRCO study, which is near

completion is approximately 400 pages long and has generated more than 40 recommendations on how to mitigate inherent dangers.

The emergency crane contract--I'll jump to page 10, is confirmed by the HRCO experts as part of our ongoing focus to improve New York City crane safety, to develop new expertise and further train our in-house plan examiners. We're pursuing an negotiated acquisition contract to retain the services of an engineering firm. This contract would provide and document peer review. These experts would offer their specialized knowledge of tower crane design and installation of specific sites. We anticipate the new contract would commence in fiscal year '09 and end within nine months.

We've gone forward and spent funds this year on our worker safety harness campaign. Distributed thousands of posters and pamphlets and banners in seven different languages; it's the first time our agency has conducted such a massive campaign. We launched that campaign in earnest during our fifth annual construction safety week. This was a week long series of free seminars and

1
2 outreach events. We had over 800 people register
3 for these ten seminars and our team focused on
4 construction sites during that time period.

5 As you know the New York City
6 construction codes in July 1st of 2009 go in full
7 effect. We've been working with the industry to
8 make sure that they're ready. We continue to
9 train those people and get them ready for the new
10 code, which goes into full effect in July.

11 Our special enforcement plan, which
12 we've spent quite a bit of plan on discussing with
13 you and is part of our overall budget. I just
14 would like to bring your attention that in fiscal
15 year through April 30th these teams have performed
16 over 9,000 inspections and issued approximately
17 6,8000 ECB and DOB violations. They focus
18 primarily on interior demolitions, which had been
19 a problem. We did about 1,500 inspections in this
20 area. Inspected over 900 sites and wrote 832
21 violations.

22 Our low rise safety team
23 concentrates on the low rise construction sites as
24 just opposed to high rise. In that area we went
25 forward and we completed 939 inspections and

issued 442 ECB violations. We also issued 86 stop work orders just in this area.

We continue our hazardous violation re-inspection team and program. Finally the after hours inspection team that went into effect, we launched in Brooklyn on May 18th is in Queens and is underway. It will be launching in the rest of the boroughs by June 1st.

Our legislative initiatives, which do have an impact on our budget as well, we've been grateful to the City Council and to the Mayor's office where we were actually able to pass 12 safety related bills that many of you are quite familiar with and I won't go through today. These new local laws are an unprecedented step in making sure that constructions sites are as safe as they can. And holding those parties accountable for when they don't do the right thing.

Our Department of Licensing it continues to increase. This past year we've overhauled our Class C Hoist Machine license which are demanding heightened requirements including work experience in dense urban environments with ongoing requirements for licensees to maintain

1 their quals, qualifications, through
2 recertification every five years. We established
3 these rules in 2008 and now new applicants seeking
4 a license to operate a crane in New York City must
5 pass the National Commission for the Certification
6 of Crane Operators. In addition, they will also,
7 all of the current operators will have to pass
8 this certification by September 30 this year.

10 The reason I talk about this is
11 that our licensing unit continues to grow. As you
12 recall, this City Council passed a much needed
13 legislation about general contractors for building
14 one, two and three family homes. So far we've
15 gotten over 875 contractors registered and this
16 registration in order to pull a new buildings
17 permit for these type of homes will be required in
18 this November. It promotes public safety and is
19 enabling us to make sure that these general
20 contractors are performing work and taking care of
21 those New Yorkers who hire them.

22 In addition over the coming year,
23 you'll hear more about our program to take over
24 trade license exams that are currently being
25 handled by the Citywide Administrative Services

Department. We expect over the next year that the Department will take over the exams and redevelop the exam and requirements. As we did with the code, we will review the national standards and raise the standards here as well.

As part of our typical discussion, we are spending a tremendous amount of money through capital and also operating expenses on our technology and transparency efforts. B Scan, just to give you an idea, that's the program where we scan the documents that come into the Department. We've hit over a million documents that have been scanned and been put on the internet as of today. Our new zoning compliance diagram is something that we're looking forward to implement by mid-2009. And our wireless handheld technology for inspectors is right now in the pilot phase and we're testing it. We expect to move forward over the next two years to implement it across all of our inspectors.

As you know or perhaps we've talked about it before, our CompStat like system as the police department does. We call it B Smart, our business intelligent technology, has been launched

last year and it has become a very important piece of how we make New Yorkers safe. We call it the Safe Stat program. It's an internal monitoring and management tool to focus our efforts on accident patterns and make sure that we go to the most common complaints and analyze the risk profiles based on different factors.

In conclusion, I would like to thank the City Council, the Mayor's Office as well as Rose Gillhorn from the Department of Investigations, that we are working to maintain our integrity of our agency and advance construction safety. Thank you.

CHAIRPERSON DILAN: Thank you. Before Lou Fidler walks out I just want to acknowledge my Yankees are in first place.

MR. LAMANDRY: They're not just yours.

CHAIRPERSON DILAN: Okay, Commissioner. I think I understand a component of your testimony that has me a little bit bewildered. But I want to, just for clarity's sake, just ask you what you mean by fringe benefits not being included in your budget. I

think it could be medical benefits and everything.
Of the such for the employees of the Department of
Buildings, is that what you're referring to?

MR. LAMANDRY: Yes.

CHAIRPERSON DILAN: I don't
understand how that would happen. That bewilders
me so you're saying of all--what's the headcount
for your department?

MR. LAMANDRY: Right now we're
budgeted for 1,290 personnel.

CHAIRPERSON DILAN: So you have
almost 1,300 employees in your department and
they're not budgeted for fringe benefits of any
kind?

MR. LAMANDRY: What happens is it's
not budgeted to our headcount line. It gets
budgeted but it gets budgeted on a macro level.
Marilyn.

MARILYN KING-FESTER: It tends to
get budgeted across all agencies across the city.
So that's one of those things that if you just
look at our expense line it wouldn't include that
but when you compare revenue to expense then you
add in--

CHAIRPERSON DILAN: [interposing]

All right. I feel better. Just the way you did it in your testimony was underlined and bolded and I thought it was a cause for alarm. I think there is the expectation that those benefits will be there for those employees? Okay, great. It was a little frightening the way it was laid out. I just wanted to make sure so I'm glad that's not an issue. I don't see how that could have been, by the way.

First I want to talk about your headcount reduction. I guess I'm pleased that there won't be any layoffs that you're taking, eliminating vacant positions and find the savings through attrition. Do you think that it's something that your agency will be able to sustain throughout the next fiscal year? And if you had to take a further PEG would you be able to continue to find savings where no actual hired staff would be affected?

MR. LAMANDRY: What we'll have to do is over the next couple of quarters we're going to have to watch the construction industry and see what the demands will be on the Department.

Certainly the Department wants to make sure that we keep construction sites safe. We will continue to realign our staffing needs based on that.

We've gone through this PEG exercise and in FY11 we will be required to take an additional 65 lines on top of what we've taken this year. We have a plan to be able to do that and realign our priorities. But essentially, the construction industry is slowing and that is certainly something that we are completely tied to. There is a base level of services that we provide but ultimately if construction goes up, our workload goes up. If construction goes down, our workload goes down.

CHAIRPERSON DILAN: Are these non-safety related personnel? Do these reductions any inspectors or plan examiners or other critical Department positions?

MR. LAMANDRY: What we've done is we've gone forward and identified critical positions and we realigned personnel to cover those safety related issues. The Department does not intend to put safety related programs at risk. However, there are times where construction, w it

does decrease, the requirements of the Department or the duties of the requirement to get reduced as well.

For example, if there are less new buildings that are going to be built over the next three years, the number of personnel required to inspect those buildings will go down. So what we do is we basically every quarter we will be looking at what our workload is and realigning the workload.

CHAIRPERSON DILAN: Just in terms of building inspectors, how many are you budgeted for in the upcoming fiscal year? Do you expect to have any vacancies?

MR. LAMANDRY: We're budgeted for 421 inspectors, that's down from 440 for the last year. And we expect to be able to keep those inspector lines completely full.

CHAIRPERSON DILAN: Completely full and the ones that are currently vacant will be lost?

MR. LAMANDRY: That's right.

CHAIRPERSON DILAN: That's correct. I want to shift a little bit to your elevator

contract. I know I bring this up every year. I expect that it will get picked up as it does every year but what's the reason for the contract on a year to year basis and not a multi year contract.

MR. LAMANDRY: What we consistently do is we increase the staffing level of our inspectorial group. So every year we are going through the process of seeing how many inspections we can do versus what we can outsource until we meet the need. Several years ago this is a very hard to fill title. As you can expect, in the past five or six years it's hard to find qualified personnel that are willing to work for the city in these categories. However, as the economy turns usually there is an up tick and usually we can find more qualified personnel that are willing to come to work in these hard to hire titles.

CHAIRPERSON DILAN: I want to shift to the agency's revenue projections for a moment. I guess, what you anticipate them to be for the upcoming fiscal year. Where are your revenues in the current fiscal year as opposed to what was projected last year during this time? And if there is a decline in revenue, how is that

affecting the Department?

MR. LAMANDRY: What we do is we typically start our revenue projection early on in the process around \$122 million. What we do is we watch market conditions. Obviously what we want to make sure of is that we stay pretty close to our target. So as the months and quarters go by we look at construction activity and we re-evaluate and we either raise or lower the projection. Our revenues for '08 actual is \$153 million and we're projecting for '09 approximately \$147.

CHAIRPERSON DILAN: \$147 so you anticipate you'll make the number--what was it again? Can you say it again?

MR. LAMANDRY: \$147 for '09.

CHAIRPERSON DILAN: And the projection was?

MR. LAMANDRY: That was the projection.

CHAIRPERSON DILAN: That was the projection. You figure you'll make the number or you'll be better?

MR. LAMANDRY: Yes. What goes into

the number is not just construction permits. There are fines and penalties that get paid directly to the Department outside of ECB as well as licensees pay for their renewal of their license. Those types of things all get rolled up into the number. We do make a conservative estimate of what we expect the projection to be. Office of Management and Budget guides us based on what they see as economic activity that's going to be for the following year to make sure that we meet the number.

CHAIRPERSON DILAN: So you don't expect a decline, basically?

MR. LAMANDRY: Our projection for '09 is actually less than '08, approximately \$6 million. So we are going to see a decline. But as we go through the process over the next two quarters, we always go forward and we'll re-evaluate and make sure that we're going to meet that number.

CHAIRPERSON DILAN: You said the projection for '10 is \$120?

MR. LAMANDRY: Right, \$123 because when we do it in the out year. As we see the

first quarter go by, we will re-evaluate if we're going to be able to meet that number or exceed it. We certainly want to start off that we're going to be below that number to make sure that we can cover our expenses.

CHAIRPERSON DILAN: I would imagine you also see a decrease in new housing permits? Could you maybe just give us about approximately you're down percentage wise over the past couple of fiscal years?

MR. LAMANDRY: If you look at the last six months compared to the six months in the prior year, new building housing starts are down approximately 47%.

CHAIRPERSON DILAN: Then--

MR. LAMANDRY: [interposing] Could I just add one thing?

CHAIRPERSON DILAN: Sure.

MR. LAMANDRY: So if you're concerned about the revenue, you should know that the actual revenue that we collect is more significant in the alteration permits versus in the new buildings permits.

CHAIRPERSON DILAN: No, no, no. I

asked the housing start question in terms of the broader economy not just the revenue impact on Buildings Department. My final question before I open it up to members of the Committee revolves around the funding swap. I assume from the Office of the Mayor to the Buildings Department around the Loft Board. Does this include any additional responsibilities for the Buildings Department? Are there any synergies that's the reason for the change?

MR. LAMANDRY: The Loft Board transfer would be for ten people. Those ten people that are currently at the Loft Board will be transferred. It will be a new responsibility for the Department of Buildings. If you follow the Loft Board and their mandate, they've been able to reduce the number of buildings that are not in compliance with the construction codes. There are approximately 300 buildings left that we need to get there. So we think that it's in the city's best interest as well as every New Yorkers best interest to align them with us to be able to get them there and to work with those landlords and tenants to make sure that they come into

compliance more quickly.

CHAIRPERSON DILAN: Thank you Commissioner. I have a question from Council Member Gerson who is not here so I want to ask any other members of the committee if they have anything they'd like to add at this time, if they have any questions at this time. Council Member Jackson.

COUNCIL MEMBER JACKSON: Thank you, Mr. Chair. I do have questions but obviously I know that we have other agencies waiting. But I was curious. I saw in the newspaper recently and I believe one of our colleagues submitted a bill in order to not give permits to developers or people that have outstanding fines or penalties that are owed to the City of New York Department of Buildings. I'm curious to know what are we doing about collecting those and two, whether or not do you have an opinion on the bill?

CHAIRPERSON DILAN: I want to ask the Commissioner if he can give the current procedure now in how the revenues are collected and if he could reserve his opinion on the legislation at this time because it's not an

agenda item today. But the revenue question should be answered.

MR. LAMANDRY: Certainly the adjudication of environmental control board violations that are handled by many city agencies is handled by DEP. The Mayor's office is actually going through a program, the Mayor's Office of Operations, to see what the city can do to make that a more effective body. However, all of our ECB board violations are returnable to ECB court. Then the adjudication process once that gets forward is handled by the Department of Finance for collection of those fines.

One of the most important things the Department has focused on is not the fine collection but is really about the certificates of correction; getting contractors and owners to actually certify that they have taken care of their safety concern that we've identified. So it's a two part process; one is just to make sure that they go ahead and fix it and the second is to collect the fines. Certainly having a mechanism that makes our fines much more important is something that we look forward to, to hear from

the Council.

COUNCIL MEMBER JACKSON: With respects to what I heard you say the ECB fines it's a hearing process. Then it's a determination that is X amount of dollars. The collection process is by the Department of Finance. Is that correct? So then I'll be asking those questions of the Department of Finance. Do you carry those as what's owed to you in any ledgers at the Department of Buildings or that's the Department of Finance?

MR. LAMANDRY: No.

COUNCIL MEMBER JACKSON: That's the Department of Finance? Okay, thank you.

CHAIRPERSON DILAN: Thank you Council Member Jackson. I have Council Member Gerson followed by Mendez and then I could add you. Then at that point we have to conclude.

COUNCIL MEMBER GERSON: Thank you very much Mr. Chair. Good afternoon, Commissioner and team. Let me just take a moment to acknowledge our collaboration and your efforts in ensuring the safety of lower Manhattan during our ongoing period of even in this economic climate,

intense construction.

Yesterday I was on the lower east side at a building which your department ordered a vacate order. Your inspectors were joined by HPD inspectors to facilitate the vacate and shut down. I got to commend all of the professionals from both departments for the job that they did and the sensitivity to their residents. Mr. Chair, just indulge me another second.

For the context, it's important to get to the financial implications. The context, a violation had been issued on this building over a year ago.

CHAIRPERSON DILAN: Council Member, respectfully I don't have too much time for indulgements--

COUNCIL MEMBER GERSON:

[interposing] That's why I--

CHAIRPERSON DILAN: [interposing]
If you could get right to the budget questions we'd appreciate it.

COUNCIL MEMBER GERSON: That's exactly. This will facilitate a quicker answer. 2-07 the violation was issued, the day before

1
2 yesterday a vacate order was implemented. A lot
3 of expense was incurred implementing the vacate
4 order, doing the physical shoring up of the
5 structure and then shutting it down which was in
6 your department's budget, I believe, and then
7 assisting the residents in their relocation,
8 that's probably HPD.

9 My question, in a situation like
10 this where there are outstanding serious
11 violations for this period of time, what extent of
12 the actual cost incurred are returned to the City
13 of New York by the landlord who is guilty for
14 sitting on serious violations for over a year and
15 imposing this hardship on both the city and
16 residents?

17 MR. LAMANDRY: I think there's two
18 things that we should--and if we had a lot more
19 time we could discuss. One is that any expense
20 that's incurred to actually shore, demolish or
21 seal a building that's actually being done by HPD,
22 we can order HPD to do that work if the owner does
23 not. And those funds get outlaid by the HPD
24 program. However, a lien goes against that
25 property.

The second piece--

COUNCIL MEMBER GERSON:

[interposing] Until it's fully repaid.

MR. LAMANDRY: Until it's fully repaid, yes.

COUNCIL MEMBER GERSON: What about your expenses because you certainly incurred a lot of expenses yesterday.

MR. LAMANDRY: Right. We do not bill for our expenses, much like the Fire Department when they show up, they don't bill for theirs either.

COUNCIL MEMBER GERSON: Mr. Chair, I think going forward and probably for this fiscal year we don't have the time. But we should start the discussion, it just seems to me where there's such gross malfeasance on the part of an owner that imposing extraordinary expenses on the City of New York, we should find a way to recapture if not all, a significant part, of that. I could imagine that will--I'm seeing nods so I would imagine that will be welcome assistance to the budget of this Department.

CHAIRPERSON DILAN: Council Member

I've just been informed that they do not have the statutory authority to recoup those fees.

COUNCIL MEMBER GERSON: Well that's why I'm raising it because it looks like this may be--and I'm glad you brought that point out Mr. Chair. Commissioner, is this something where the Council and your department can work together on crafting the appropriate legislation?

CHAIRPERSON DILAN: Again, I have to say, we have to--the revenue question is important--

COUNCIL MEMBER GERSON: [interposing] This is directly a revenue question.

CHAIRPERSON DILAN: But let's move off in terms of the policy and changing the law. Let's move away from that and stick to the budget.

COUNCIL MEMBER GERSON: Fair enough but this obviously has very, very, very significant revenue implications. Will you agree with that?

MR. LAMANDRY: Can I answer? Yes.

COUNCIL MEMBER GERSON: Okay, then we'll leave it at that. My last question, in your testimony you refer to the retention of an

1
2 engineering firm under the emergency crane
3 contract section, an acquisition contract to
4 retain the services of an engineering firm. Could
5 you tell us what the cost of that is anticipated
6 to be for FY10? And I'll get it all over once and
7 then I'm done.

8 Have there been consideration to
9 creating this type of expertise in-house, perhaps
10 like a New York City Corps of Engineers where we
11 have in house at our disposal, the super
12 specialists, the extra expertise both for the
13 benefits of service of having in-house but also
14 perhaps in time of the cost savings. So the cost
15 of this contract and related expenses and could we
16 think about a New York City Corps of Engineers in-
17 house type of thing. And that's it.

18 MS. KING-FESTA: Yes. Marilyn
19 King-Festa, Deputy Commissioner of Buildings.

20 COUNCIL MEMBER GERSON: I'm sorry,
21 is the microphone on? I can't hear you.

22 MS. KING-FESTA: Sorry. Marilyn
23 King-Festa, Deputy Commissioner. This particular
24 contract is for \$1.6 million. It's really a
25 continuation of the thought of doing exactly what

you were saying, was to build up the expertise in house. We use these not only to do work but to train our plan examiners and our inspectors to do better inspections and plan exams. So that's a key element where we see gaps in our knowledge, in our training. It's a very important step to make us more self sufficient and to up scale our engineering staff and our inspectorial staff.

COUNCIL MEMBER GERSON: This is a one year contract?

MS. KING-FESTA: Nine months actually on this one.

COUNCIL MEMBER GERSON: So \$1.6 million for nine months.

MS. KING-FESTA: Yeah.

COUNCIL MEMBER GERSON: Okay.
Thank you, Mr. Chair. We'll certainly continue our conversations and our ongoing collaborations and a lot to follow up on. Mr. Chair I do think we should work together on that legislation.

CHAIRPERSON DILAN: We can talk about that outside of this hearing. I'd be happy to work with you.

COUNCIL MEMBER GERSON: Thank you.

CHAIRPERSON DILAN: Before I go on to Council Member Mendez, I just want to make a brief acknowledgement. One that we've been joined by Council Member Jim Gennaro and the other is we've also been joined in the audience by esteemed members of the International Business Community in India who are visiting us here today. They are joined by Mr. Bob Fonti and Henry Sadiq as well as Mr., and forgive me if I pronounce this wrong, Bagordia, the Chairman of the CBL as well as Raji Bagordia, Chairman of the UPTL. We certainly welcome you here today. Council Member Mendez and she'll be followed by Council Member Brewer and then we'll conclude.

COUNCIL MEMBER MENDEZ: Thank you. Commissioner, on page 14 of your testimony right at the top you make reference to the enforcement plan and the violations issued through ECB and DOB. To my knowledge, that was disbanded back in 2008. I know we've referred many projects to be resolved through there but they were never resolved. Is this program still in effect and it is still staffed?

MR. LAMANDRY: We still have a

program and they're still staffed, yes.

COUNCIL MEMBER MENDEZ: And it was not disbanded.

MR. LAMANDRY: I'm not sure what you're describing as disbanded, no.

COUNCIL MEMBER MENDEZ: I'm going to go back through my files in my office and I'm going to get back to you on this. Because I recall that this...

MR. LAMANDRY: There have been times where--

COUNCIL MEMBER MENDEZ:
[interposing] This is the special enforcement unit?

MR. LAMANDRY: Yeah, there have been times where we've put certain projects not necessarily in the special enforcement unit. We've done them at the borough level, sometimes we do them in different units. But the special enforcement plan was a three phase plan. We got funding over a year and a half--

COUNCIL MEMBER MENDEZ:
[interposing] The special enforcement plan is separate and different from the special

enforcement unit.

MR. LAMANDRY: Yeah. There are many units that roll up to the special enforcement plan and we can show you offline we can show you the list of what the programs are, how many people are in each program. So for example we have an excavations unit, we have an interior demolitions unit. If you recall they were created based on the types of accidents and issues we were having at the time.

COUNCIL MEMBER MENDEZ: Has staff increased in there or just the amount of violations in work they have been doing increased?

MR. LAMANDRY: We got funded in three phases so phase one started in 2007 July then in early 2008 we got the second phase and just last June we got the third phase. So not all of the phases were up and running all at the same time.

COUNCIL MEMBER MENDEZ: I will refer to DOB, those issues that were not resolved from my district that we referred to the special enforcement unit. Commissioner, during your testimony you stated that the fees are higher for

permits than for new construction. It seems to me kind of awkward that what we're actually doing is dis-incentivizing owners from doing work but incentivizing just more construction but not keeping the actually housing stock that we have if people have to pay more for those permits.

MR. LAMANDRY: Believe me, when you do an analysis whether you're going to take down a building or renovate it, the fees that you pay to the Buildings Department never really even comes into play.

COUNCIL MEMBER MENDEZ: Can you repeat that? When you do the analysis of...

MR. LAMANDRY: If you are going to do an analysis whether to renovate a building or to take it to grade and build a new building, the cost associated with the fees is not going to be as part--

COUNCIL MEMBER MENDEZ:
[interposing] That's not what I'm saying.

MR. LAMANDRY: What are you saying?

COUNCIL MEMBER MENDEZ: What I'm saying is a developer is going to build a building has a portfolio of buildings, right? Why renovate

1
2 this building that's in disrepair and pay higher
3 fees if you're planning to build a new building
4 and those fees are cheaper, you have the money in
5 your pipeline to build new housing.

6 MR. LAMANDRY: In the business,
7 when you look at the cost, the cost of the fees to
8 the city are so small compared to the actual cost
9 to outlay versus a new building versus a
10 renovation, you're not even in the same ballpark.
11 We can give you that but they're fractions of a
12 percent of the overall cost of a renovation or a
13 new building.

14 I was just pointing it out because
15 I thought the Chair was focusing on the concern of
16 reducing fees to the city when we're in a budget
17 crisis and we want to make sure that we have
18 enough people on the ground to do our job.

19 COUNCIL MEMBER MENDEZ: The next
20 question I have is regarding the Department's
21 proposal to start putting all the plans online.
22 What would be the fiscal impact, how is it being
23 phased in and when can we expect to have all the
24 building plans online?

25 MR. LAMANDRY: As I've said before,

our first phase of this was to actually scan 8 ½ x 11 pieces of documentation. All of this information is typically in the computer system but it provides the back up for somebody to be able to see online. We're right now in a piloting phase of large scale drawings. At this time I can't commit the roll out of that but we're working on it.

COUNCIL MEMBER MENDEZ: What fiscal impact, if any, would there be to extend the challenge period as I am recommending once these plans come online?

MR. LAMANDRY: What's the fiscal impact to who?

COUNCIL MEMBER MENDEZ: To the Department.

MR. LAMANDRY: So what you are describing is the zoning diagram process, the challenge period, which is in the rule currently today that we have published. The initial publication for comment, we initially identified 30 days. That's the subject of discussion. We've gotten lots of feedback. I'm not so sure that the impact to the Department is really at issue.

What's at issue is the impact to the community.

COUNCIL MEMBER MENDEZ: Impact in terms of what? Is it--

MR. LAMANDRY: This is a budget hearing and the--

COUNCIL MEMBER MENDEZ: [interposing] Yeah, so is there a fiscal impact or there's just other kind of impacts?

MR. LAMANDRY: I'm not sure that there is a budget impact.

COUNCIL MEMBER MENDEZ: Okay. Thank you very much.

CHAIRPERSON DILAN: Thank you very much Council Member Mendez. Council Member Brewer.

COUNCIL MEMBER BREWER: Thank you. When you talked about technology and handhelds in the field, are you using NYCWIN to do that?

MS. KING-FESTA: Yes, we are.

COUNCIL MEMBER BREWER: And when we had the hearing with the Department of Environmental Protection and DoITT, one of the issues was DoITT received half a million dollars from DEP to be able to read the water meters. Are

you paying DoITT to do this or is it a revenue neutral to use NYCWINN?

MS. KING-FESTA: We do use it and yes, we have the inter phone transfers to cover for each of those devices.

COUNCIL MEMBER BREWER: How much are you transferring over to DoITT?

MS. KING-FESTA: I think it's about 500.

COUNCIL MEMBER BREWER: Same amount.

MS. KING-FESTA: Same amount. I guess the pay back there is that then you don't have the recurring costs on the monthly basis that you would, say, if you were using a telecom card, a commercial card.

COUNCIL MEMBER BREWER: How far along are you in terms of being completely technology savvy in the handhelds in the field?

MS. KING-FESTA: I'd say we're probably about 15% there as far as getting the savvyness out to the inspectors. We've got handhelds out--

COUNCIL MEMBER BREWER:

[interposing] 15?

MS. KING-FESTA: They're about 15. But we're accelerating and our plan is to get them out there to every inspector within the next year. On top of that, we will layer the more sophisticated software. But in that time they'll have the handhelds, they'll get used to the technology. They'll be using the standardized checklist on that technology. We're taking that one step at a time through each inspectorial unit.

COUNCIL MEMBER BREWER: I know you mentioned after hours. I was just wondering, I know it's coming online in Manhattan June 1st. How many people will be in the after hours inspection team per borough?

MS. KING-FESTA: Actually it's a centralized function and we'll move them around as needs required. But we've got six headcount.

COUNCIL MEMBER BREWER: So six people for the five boroughs.

MS. KING-FESTA: Yes.

COUNCIL MEMBER BREWER: Depending on the need.

MS. KING-FESTA: Yes.

COUNCIL MEMBER BREWER: I just want to say good thing. Thank you to the Manhattan Borough Commissioner, Lea Donaldson and Donald Ronchti. Thank you very much.

CHAIRPERSON DILAN: Thank you very much Council Member Brewer. I'd like to thank the Department of Buildings for providing a picture of the impacts of their proposed fiscal year '10 budget will be. That will, at this time, conclude this hearing. Cultural Affairs will be up next jointly with the Finance Committee. Thank you all.

[Testimony given in front of Committee on Finance and Committee Cultural Affairs]

CHAIRPERSON RECCHIA: Gibb Serett from UAW and Edwina Martin from Legal Services New York City.

GIBB SERETT: I'm Gibb Serett from Legal Services Staff Association, it's a unit of the UAW. We're the unionized employees of Legal Services in local 2320 where the unionized employees of Legal Services NYC, MFY, Housing Conservation Coordinators, Garden Riverside SRO

Project and the Citywide Task Force. We do much of the same work as our sisters and brothers in Local 2325, the Civil Division and Legal Aid.

As you know, we do great good and we are cost effective. Yet, last year we were targeted for cuts and as then as now, it was initially at the behest of the Mayor. But those cuts wind up being proportionately and absolutely greater to our programs than to non-unionized programs. You will find the amounts of our losses cataloged in our leaflet, that's the bright yellow one.

Jobs and services were lost when they were most needed. Unionization and everything that goes with it can not be penalized again, even unintentionally. We must not be cut further. Our pogroms losses should be restored. And this is very important, in the same proportions as they occurred up to 2008 funding levels if possible. All this you have heard and understood and we appreciate it. We are very much your partners and you've treated us that way and you've come to our rescue in the face of an uncaring executive time.

Again, because something else that you recognize is that you work very hard to create standards and rights for tenants, for the protection of tenants and the preservation of housing in the city. But you also recognize that without day to day struggle to enforce those rights, they don't amount to a great deal. So we do thank you for your support. Again, we need restoration, we need it proportional, up to 2008 levels if possible.

Again, I thank you on behalf of our members and I thank you for the sake of the people we serve.

CHAIRPERSON RECCHIA: Thank you.

EDWINA MARTIN: Good afternoon Council Members Gentile, Weprin and Jackson. My name is Edwina Martin and I'm the Director of Communications and Government Relations for Legal Services NYC, the largest provider of free civil legal services to low income people in the nation. Our offices, located in every borough of the city, have provided free legal help to people who have nowhere else to turn for over 45 years.

I am here today with my colleague

Gibb Serrett to thank you for the opportunity for allowing us to speak to you at this hearing. To thank you as always for partnering with us to provide civil legal services to the poor and most importantly to ask you to restore the funding for the HPD anti eviction program to its fiscal year 2008 level.

Why is this program important in this difficult fiscal year? For almost 30 years the City Council has put funds into HPD to provide legal services to low and moderate income people faced with illegal eviction and displacement from their homes as well as to provide legal services for low income SRO tenants who face displacement. These programs have helped thousands of working poor, disabled and elderly in all the city's boroughs through direct representation of individuals and households and through counseling and training.

The benefits to the city are twofold. The elderly, disabled and working poor who get legal help avoid the disasters of eviction and homelessness. And the city benefits financially because the people served stay out of

city homeless shelters and out of city funding re-housing and social services programs, thus saving the city millions of dollars a year.

The provision of civil legal services to those that can not afford counsel is crucial to the fair administration of justice. In the past, the Council has stood firm in preserving the precious city funding for access to justice and we thank you for your work. However, in the final fiscal year 2009 adjusted budget funding for the HPD anti-eviction program was reduced by 25% from \$3 million to \$2.25 million. That has reduced our funding to provide legal services to 927 units of services and that includes full case representations, outreach sessions, trainings, tenant association meetings, et cetera.

This program was hit hard last year and on top of it in his proposed fiscal year 2010 budget, the Mayor has once again completely eliminated funding for this vital program. We urge the Council to restore the funding to the fiscal year 2008 level of \$3 million for the HPD anti-eviction program. We are happy to take any questions from you now.

JOSEPH GARBER: Good afternoon
Chair Weprin, Chair Gentile, Chair Jackson,
members of the Council staff and members of the
public. My name is Joseph Garber. I'm a resident
and a resident leader in the New York City Housing
Authority and I will confine my remarks regarding
the first hearing of this morning, the New York
City Housing Authority.

I'd like to first want to echo
everybody's praise of Chairman Ricardo Elias
Morales for his stellar, superb performance as the
interim Chair for December 15th through 24:00 May
31st. He was a hands on take charge administrator
who took decisive action on numerous fronts, his
interrogation of directors of NYCHA at the board
meeting to ensure that they were completely
familiar with all the items which they were
presenting. I'd like to discuss various concepts
now.

On page one of the Chairman's
testimony it states that NYCHA has a portfolio of
178,400 apartments. However, on page 13 of the
draft annual plan released by NYCHA on May 4th it
states 180,244 and in the Council briefing it

states 181,000. So I definitely think everybody has to get their figures straight. It also states that NYCHA now has 338 developments. I don't know where this figure came from because in the annual plan release on May 4th it stated 340 and last year's annual plan, which was filed to HUD on October 17, 2008 it stated 343. So I really think this has to be looked at.

There are 403,000 legal residents. This has to be pointed out. The unknown number of residents that are not legal is infinite item and therefore we're losing a lot of money from not collecting proper rents. On page four of the draft annual plan that was as of April 27th it stated that 1,206 Section 8 transitions took place from city and state developments to the federal government.

There was a lot of discussion this morning regarding the Section 3. I attend board meetings regularly and Section 3 is covered very strongly by the board. They interrogate the respective directors in capital to ensure how many Section 3 residents are being hired. And the board has stated they're not happy with the

results.

Now this morning Commissioner Lopez testified on use and on proper designation regarding resident employment. She said the employment department. There's no such a thing in the NYCHA organizational structure as employment department. It's called Resident Employment Services, which are located at 350 Livingston Street. On page 3 of the testimony it states reassign provisional managers to non-managerial positions. As a Director of the Civil Service Merit Council, I am concerned if there were provisionals over the mandatory nine month provisional status, were any civil service--

CHAIRPERSON WEPRIN: [interposing]
Mr. Garber, can you sum up because--okay.

MR. GARBER: I just want to finish. Nobody else has spoken about the Housing Authority so I just want to. On page six it states that all meetings--the town hall meetings. Please be advised that so far we've had two town hall meetings. There are three town hall meetings scheduled and there's also the public hearing.

It also should be noted that

there's a new document called the revised cost of location plan. Now Councilwoman Brewer was concerned on how many employees are in information and technology. The total is 256 and the total number of NYCHA employees is 11,644. I suggest that the Finance Committee and the sub committee on Public Housing do an analysis where are these 11,644 employees assigned. Because I still feel it's top heavy and duplicative units and I just want to illustrate.

For instance you have a group of units, you have GDM in charge of administration. Then you have Facility Planning and Administration. You have a unit called Budget and Financial Plan, then you have a unit called Accounting of Fiscal Services, then you have a unit called Risk Finance and Analysis, then you--

CHAIRPERSON WEPRIN: [interposing]
Can you sum up, please? We understand there's a lot of duplication.

MR. GARBER: Yes, that's what I want to highlight. I don't believe that NYCHA has really eliminated all the redundant, bureaucratic functions.

CHAIRPERSON WEPRIN: Okay, thank you.

MR. GARBER: Thank you.

KATHERINE TRIPANI: Good afternoon. My name is Katherine Tripani and I'm from New Destiny Housing Corporation. I'll also be making some remarks about the Housing portion of this morning's hearings. I've prepared some written testimony but I do want to make some brief points today with respect to time limits.

NYCHA does have a domestic violence priority available to applicants that can prove their status as DV victims. However, only 2% of households exiting the domestic violence emergency shelter system left a shelter for NYCHA Section 8 or NYCHA public housing apartment, even though 38% have the required documentation for that priority. That low placement rate is due to the long processing times with these applications coupled with the short maximum length of stay in the emergency shelters. We would like to see resources dedicated to the processing of applications specifically from domestic violence shelters to better align the processing time with

the length of stay to improve outcomes.

Also, HPD has a smaller Section 8 program designed to help re-house those living in homeless shelters. In October of 2007 the domestic violence shelter system was awarded 10% share of the homeless housing resources and used up the entire allocation by December of 2008. Since exhausting those resources in December, no new HPD resources have been available to the domestic violence shelters, leaving many families who don't qualify for other permanent housing programs with no resources to safely move on from shelter. We therefore do request that DV shelters once again be given a 10% share of any new homeless housing resources from HPD.

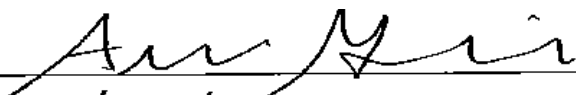
Such housing programs are of vital importance at this time in New York City's history. The demand for domestic violence shelters has increases since last year. But while the number of those who need domestic violence shelter has increased, the fact remains that during calendar year 2008 only 14% of households exited the emergency domestic violence shelter system with permanent housing.

If efficiencies could be found in the application process for NYCHA public housing and NYCHA Section 8 and if HPD's resources were made available to domestic violence shelters, we believe that outcomes could be markedly improved, thus reducing homelessness and offering life saving stability to survivors of domestic violence, who if allowed to remain homeless as so many do at the end of their shelter stays could be forced back into dangerous situations. Thank you for this opportunity to testify.

CHAIRPERSON WEPRIN: Thank you.

C E R T I F I C A T E

I, Amber Gibson, 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 June 29, 2009