

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON PUBLIC HOUSING

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B E F O R E:  
ROSIE MENDEZ  
Chairperson

COUNCIL MEMBERS:

Council Member Gale A. Brewer  
Council Member Margaret S. Chin  
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## A P P E A R A N C E S (CONTINUED)

John B. Rhea  
Chairman  
New York City Housing Authority

Margarita Lopez  
Board Member  
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Executive Vice President for Operations  
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Emily Youssef  
Vice Chair  
New York City Housing Authority

Victor Gonzalez  
Board Member  
New York City Housing Authority

1  
2 CHAIRPERSON MENDEZ: This hearing  
3 shall come to order. Good morning, and my  
4 apologies for running a little late. I am  
5 Councilwoman Rosie Mendez, and I Chair the  
6 Committee on Public Housing. And I want to thank  
7 everyone for being here this morning. Today's  
8 hearing is on the New York City Housing  
9 Authority's "Plan NYCHA, A Roadmap to  
10 Preservation." This plan was preceded by NYCHA's  
11 2006 plan, seven point plan, to preserve public  
12 housing. And is I guess maybe a natural  
13 development from that plan. First, I want to give  
14 a brief overview of the history of public housing,  
15 'cause I think that is important. In 1934, NYCHA  
16 was the first local authority created by the  
17 division, by the Housing Division of the Public  
18 Works Authority, the federal agency created prior  
19 to the passage of the 1937 Wagner Stiegel Bill.  
20 In 1936, NYCHA completed the first houses with 123  
21 units in Manhattan's Lower East Side, which I am  
22 proud to say is located in my district. Public  
23 housing as initially conceived was intended to  
24 eradicate slums and provide better dwellings at a  
25 low rent for families since the private sector did

1 not build decent, affordable housing.  
2  
3 Unfortunately, that is still the case today and at  
4 least not being built in the volume that is  
5 necessary. Public housing has become the housing  
6 of last resort, and hundreds of thousands of New  
7 Yorkers are on the waiting list. Today, NYCHA's  
8 portfolio consists of 343 developments comprised  
9 of approximately 178,000 units, located in 2,602  
10 buildings. This includes 21 buildings that are in  
11 a mixed finance modernization program pursuant to  
12 the ARRA legislation. I have to acknowledge that  
13 NYCHA has been and continues to be in a very  
14 difficult financial position, with a chronic  
15 budget deficit for the past several years. NYCHA  
16 receives its entire operating subsidy from the  
17 federal government, and since the Bush  
18 Administration has been shortchanged in funding,  
19 and has received funding in stagnant or declining  
20 levels. In years--I wrote something that didn't  
21 print out. Well, there we go. Anyway, NYCHA  
22 today will present to us its ten points from its  
23 roadmap. Our job as legislators and as residents  
24 of this great City is to evaluate this plan, and  
25 to ensure that it is a roadmap to preservation and

1 not maybe a yellow brick road to privatization.  
2 We must evaluate and not just simply its impact  
3 today, but its impact for years to come, with the  
4 long term implication for this vital and critical  
5 housing stock. NYCHA's budget deficit is a  
6 crucial matter with exceptionally high stakes for  
7 everyone in this City: public housing residents,  
8 Section 8 residents, tenants in privately owned  
9 building who are on a waiting list, and  
10 individuals in the New York City shelter system,  
11 who hope to become future tenants of NYCHA. We in  
12 this City will work with the Housing Authority and  
13 with advocates to ensure that Washington is held  
14 accountable, and will adequately fund the Housing  
15 Authority, not just in this City, but throughout  
16 this nation. We cannot continue to balance this  
17 budget on the backs of the poor. If you have not  
18 filled out one of these, and you want to testify,  
19 you should. And I just want to prepare the public  
20 just in case. The ten point plan sometimes glazes  
21 over some stuff, which I'm assuming today, and I  
22 was told this is a living document, so today I  
23 hope to get more details. And so my colleagues  
24 and I will want to go over every aspect of the ten

1  
2 identified areas. And we will take whatever time  
3 is necessary to do that. And then, if this  
4 hearing takes long and we need to defer to another  
5 day, we can do that. So, just for the public, if  
6 you plan to testify, just please have a little  
7 patience with us today. And now, I hand it over  
8 to NYCHA. [pause, background noise] Sergeant?

9                   JOHN RHEA: Testing, there we are.  
10 Great. Chairwoman Mendez and other distinguished  
11 members of City Council, good morning, I am John  
12 B. Rhea, Chairman of the New York City Housing  
13 Authority. Joining me today are Vice Chair Emily  
14 Youssouf and Board Members Margarita Lopez and  
15 Victor Gonzalez. We are pleased to be here today  
16 to discuss "Plan NYCHA, A Roadmap for  
17 Preservation," the strategic plan that will guide  
18 NYCHA's work over the next five years. In 2006,  
19 NYCHA appeared before you to present the plan to  
20 preserve public housing. The document, the result  
21 of extensive self-analysis on the part of NYCHA,  
22 recognized that the agency's financial situation  
23 was unsustainable. And that immediate action was  
24 needed to ensure that NYCHA could continue to  
25 function and fulfill its obligations. And laid

1  
2 out a series of steps to write the fiscal ship.  
3 We sought your support for the plan, which became  
4 instrumental in successfully advocating for  
5 additional funding. In particular, passage of the  
6 Shelter Allowance Bill, which addressed the  
7 serious structural funding inequity between NYCHA  
8 and private landlords, and brought much needed  
9 monetary support to NYCHA families by making the  
10 cornerstone program a reality. The original plan,  
11 certainly a change for the better, marked the  
12 first step forward in closing the fiscal gap.  
13 However, for reasons we are all familiar with, and  
14 which I will briefly describe today, NYCHA and its  
15 partners must continue to transform in order for  
16 public housing to remain an invaluable resource  
17 and source of support it has been for more than  
18 three-quarters of a century. Additional steps are  
19 needed to address the significant financial and  
20 operational challenges we face. Further  
21 partnerships and collaborations are needed to  
22 improve the quality of our services, preserve our  
23 housing stock, and build safer, stronger NYCHA  
24 communities. Many of these actions are already  
25 underway and form the backbone of Plan NYCHA.

1  
2 Where the plan to preserve public housing was  
3 financially focused, Plan NYCHA is much more  
4 expansive in scope. It addresses a broad range of  
5 issues and details an ambitious set of initiatives  
6 to better provide families with high quality  
7 services, preserve our aging housing stock, and  
8 strengthen the communities NYCHA serves. The ten  
9 imperatives it outlines will impact every corner  
10 of the agency and every aspect of our operations.  
11 Equally important, where the original plan was  
12 introspective in its construction and its focus,  
13 Plan NYCHA is the result of extensive  
14 collaboration. It involved actively and  
15 insistentlly seeking input and guidance from  
16 thousands of public housing stakeholders and as a  
17 result of ongoing dialogue that continues today.  
18 When I was appointed Chairman by Mayor Bloomberg  
19 in 2009, NYCHA was given a four part mandate to  
20 build on the progress we achieved with your help  
21 following the original plan to preserve public  
22 housing, to make NYCHA financially sustainable, to  
23 make the agency less insular by fostering  
24 partnerships and collaboration, to increase  
25 transparency and communication and to seek

1  
2 innovative ways to improve services and overall  
3 quality of life for NYCHA residents. NYCHA has  
4 been focused for the past three years on meeting  
5 these directives, working with residents and  
6 resident leadership, sister agencies, and  
7 community partners, and meeting often with members  
8 of the City Council to discuss our progress. Plan  
9 NYCHA is the latest, most comprehensive step in  
10 this continuum, which began with the original plan  
11 to preserve public housing and that will extend  
12 into our work over the next five years. It  
13 reflects what we've learned from our conversations  
14 with all public housing stakeholders, and responds  
15 directly to concerns raised by members of this  
16 Committee on a variety of issues, from expediting  
17 maintenance and repair, to improving safety and  
18 security, to connecting residents to opportunities  
19 for employment. The plan is a call for  
20 partnership. In describing in detail how NYCHA  
21 will evolve to meet its challenge and do its part  
22 to preserve public housing for future generations,  
23 it recognizes that action on the part of NYCHA  
24 alone will simply not be enough. It outlines a  
25 series of ambitious initiatives that NYCHA will

1  
2 implement to emerge stronger than ever through  
3 some of the most challenging times in our 78 year  
4 history, and offers in each instance opportunities  
5 for partnership and collaboration from other  
6 public housing stakeholders, the private sector  
7 and the philanthropic community. For that reason,  
8 among many others, I'm happy to be here to speak  
9 about Plan NYCHA. Throughout the development of  
10 the Plan and in the months leading up to its  
11 completion, we were in conversations with partners  
12 at all levels of government, including the City  
13 Council, at which time you expressed support for  
14 components of the plan and reservations about  
15 others, to which we have tried to be responsive.  
16 Similarly, we have since the first stages of the  
17 Plan's development set out opportunities to spread  
18 the word and collect input and guidance from  
19 stakeholders in every corner of the public and  
20 affordable housing communities. We made the  
21 development process as transparent and as  
22 accessible as possible and in January presented a  
23 living document that will evolve over time as this  
24 discussion continues. Today, I will give a brief  
25 overview of the process that led to the

1  
2 development of the plan, the methodology we employ  
3 to draft its contents, and the ten imperatives  
4 that will guide our work over the coming years.  
5 You will see that while in many ways marking a  
6 significant change in the way NYCHA does business.  
7 This roadmap and call to action is in no way a  
8 departure from the core principles that have  
9 guided the agency for more than three-quarters of  
10 a century. On the contrary, it reaffirms our  
11 commitment to our original mission, to provide low  
12 and moderate income New Yorkers affordable, decent  
13 housing, and facilitate access to vital community  
14 and social services for those residents who need  
15 them. As you know, years of inadequate funding at  
16 the federal and local level have left NYCHA facing  
17 a serious financial shortfall. From 2002 to 2011,  
18 NYCHA received \$700 million less in operating  
19 subsidies than its federal funding formula  
20 requires, the lion's share of which is the result  
21 of the State of New York's disinvestment in public  
22 housing in New York City. The federal  
23 government's decade plus practice of proration and  
24 termination of vital funding streams, such as the  
25 drug elimination program and the resident

1  
2 opportunities and self-sufficiency grant, have  
3 exacerbated the operational shortfall.

4 Additionally, despite an escalating need for  
5 funding to repair and maintain apartments and  
6 buildings, NYCHA annual capital subsidies have  
7 been cut by a third over the past decade, from  
8 \$410 million in 2001 to \$270 million in 2011. The  
9 cumulative result of this reduction in support is  
10 a structural operating deficit and a projected \$13  
11 billion capital shortfall through 2015. This  
12 reduction in the funding upon which NYCHA has  
13 traditionally relied upon could not have come at a  
14 worse time. The lingering effects of the  
15 recession mean that there is a tremendous demand  
16 for low and moderate income housing. Vacancy  
17 rates are extremely low in New York City,  
18 compounding the persistent challenge of finding  
19 decent, suitable, affordable housing. The most  
20 impacted are families who rely on NYCHA services.  
21 There are currently more than 160,000 families on  
22 the waiting list for public housing and despite  
23 being temporarily closed, approximately 125,000  
24 families on the waiting list for Section 8  
25 housing. At the same time, we are striving to

1  
2 preserve the 178,000 units of affordable housing  
3 that are aging and in desperate need of repair.

4 As our buildings get older, the costs of  
5 maintaining them as viable housing stock continue  
6 to rise. In addition, we are serving a broader,  
7 growing population with special housing needs and  
8 stretching our dollars to invest in facilities  
9 that accommodate those needs, as required by law.

10 These populations, seniors aging in place,  
11 individuals with disabilities and others, also  
12 have needs that go well beyond housing. More  
13 people than ever rely on the programs and services  
14 provided by NYCHA and its community partners,  
15 which are often a lifeline to residents,  
16 especially children, teens, single parent  
17 households, seniors, and families in crisis. This  
18 critical aspect of our mission, connecting  
19 residents to support services that help them  
20 thrive and reach financial independence is the  
21 essence, is in essence an unfunded mandate. These  
22 services, benefiting many thousands of residents  
23 directly costs NYCHA more than \$75 million a year,  
24 only \$12 million of which is funded by grants.  
25 The balance of these dollars come out of money

1  
2 that should be spent on our core housing needs,  
3 investing in the front line staff, making capital  
4 upgrades to elevators, and other infrastructure,  
5 and addressing outstanding maintenance and repair  
6 issues. Despite these significant funding  
7 challenges, NYCHA remains committed to fulfilling  
8 the critical role it has played in New York City  
9 since its inception, and which has only expanded  
10 over time. Doing so will require major  
11 transformation both within NYCHA's organization  
12 and throughout the supporting environment in which  
13 NYCHA operates. It requires that we evolve the  
14 model for public housing and rental assistance in  
15 New York City, to make it financially, socially  
16 and environmentally sustainable; provide or enable  
17 better access to decent, safe and affordable  
18 housing for current customers; increase the number  
19 of New Yorkers we serve; and support positive  
20 outcomes for NYCHA residents and communities. All  
21 of which will require greater partnerships and  
22 innovative service delivery models. NYCHA is only  
23 one member of a larger ecosystem. That's why  
24 central to planning process was to gather input  
25 and guidance from employees, labor leaders, the

1  
2 Citywide Council of Presidents, nonprofit  
3 organizations, and partner City agencies,  
4 including City Council, on how we can better serve  
5 our residents and excel as an organization. Most  
6 importantly, the planning process was an  
7 opportunity for us to learn more about the  
8 pressing needs and concerns of our principal  
9 customer: our residents. For the last few years,  
10 and leading up the release of Plan NYCHA, we have  
11 worked extensively to ensure that residents and  
12 employees are engaged in planning our work.  
13 Overall, close to 5,000 residents and employees  
14 contributed directly to the development of the  
15 plan. NYCHA residents were invited to attend  
16 focus groups and housing developments around the  
17 City, where residents and Section 8 voucher  
18 holders discussed their experiences as NYCHA  
19 customers. These sessions were attended by  
20 residents of every background, resident  
21 association leaders, members of the CCoP, NYCHA  
22 resident employees, and participants in NYCHA  
23 programs such as community centers and green  
24 committees, and were conducted in multiple  
25 languages, including Spanish, Russian and

1  
2 Cantonese. We engaged a third party to lead the  
3 discussions to ensure participants would feel  
4 comfortable speaking freely while remaining  
5 anonymous. In addition, over 1,600 randomly  
6 chosen NYCHA and Section 8 residents took part in  
7 a phone survey that measured levels of customer  
8 satisfaction. This 60 question survey, designed  
9 and executed in partnership with Baruch College  
10 Survey Research, had the largest number of  
11 respondents every surveyed by a U.S. public  
12 housing authority. Participants represented a  
13 diverse sample of ethnicities, ages and  
14 neighborhoods, and covered a wide range of topics  
15 including the status of housing units,  
16 maintenance, communication, safety, community  
17 programs, and quality of life issues. NYCHA also  
18 held a series of community conversations across  
19 the City with the aim of rebuilding trust and  
20 becoming better partners with residents. During  
21 these conversations, staff and residents discussed  
22 why NYCHA was important to them, and detailed the  
23 kinds of issues they wanted to see addressed in  
24 roadmap for future work. NYCHA leaders provided  
25 all attendees with information about NYCHA's

1  
2 findings during the course of the planning process  
3 and about actions needed to address present day  
4 challenges. In small groups, staff and residents  
5 spoke openly and constructively about issues  
6 ranging from maintenance and repairs to safety and  
7 security, affordable housing and resident and  
8 community services. Collectively, the groups  
9 discussed the best ways to tackle current  
10 challenges. More than 800 public housing  
11 residents and Section 8 voucher holders in all  
12 five boroughs participated in these gatherings,  
13 including special sessions for Spanish, Chinese  
14 and Russian speakers, and from young adults  
15 between the ages of 18 and 25. The participation  
16 of the Citywide Council of Presidents and resident  
17 leadership were instrumental in this process.  
18 CCoP cohosted community conversations, open  
19 meetings, and guided discussions, and encouraged  
20 resident participation. NYCHA employees, 30  
21 percent of whom are also residents, have also been  
22 engaged in driving the robust development process  
23 since its initial stages. Employees at every  
24 level have shared their opinions, brainstormed  
25 ideas, presented strategies and led or

1 participated on teams that are transforming Plan  
2 NYCHA from vision to reality. In fact, one of the  
3 most beneficial results of this process was the  
4 constructive, energized input of the frontline  
5 employees who work with residents every single  
6 day. Through our extensive outreach and dialogue  
7 which continues today, we gained invaluable  
8 insight into the challenges they face, including  
9 inflexible work hours and antiquated work rules,  
10 and the issues they most want to see addressed,  
11 from safety and training to resident compliance  
12 with NYCHA rules. Throughout 2010, more than 500  
13 staff from both the central office and the field  
14 participated in meetings to explain the planning  
15 process and opportunities for employee  
16 involvement. Emails, blog posts and internal  
17 newsletters kept everyone updated and staff  
18 members were encouraged to email their ideas and  
19 suggestions. Additionally, NYCHA conducted more  
20 than 80 staff focus groups, reaching over 1,200  
21 employees across the organization. In these  
22 sessions, staff develop collaborative,  
23 constructive approaches to realizing the strategic  
24 priorities set forth in the plan's framework.  
25

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2 Staff members provided thousands of ideas,  
3 suggestions that were incorporated into the  
4 planning process. Every level of NYCHA  
5 leadership, from the executive board to regional  
6 managers to frontline supervisors has been deeply  
7 involved in this process. Nine internal teams  
8 were created to develop the specific strategies  
9 that make up the roadmap. Led by senior  
10 executives, these interdisciplinary teams  
11 consisted of employees from all departments,  
12 including at least one team member from the  
13 frontline staff on every single team. More than  
14 150 staff in all participated, representing a  
15 higher level of staff involvement than in any  
16 prior NYCHA planning effort. Collectively, these  
17 teams worked together for six months, gathering  
18 data, conducting strategic analysis, and drafting  
19 organizational goals. They analyzed ideas from  
20 staff focus groups, incorporated resident research  
21 and partnered with experts to fine tune their  
22 recommendations. This effort culminated with all  
23 teams presenting their final recommendations to  
24 the NYCHA board. Findings were then shared with  
25 employees at every level via brown bag lunches,

1  
2 borough wide meetings, smaller staff meetings and  
3 internal online discussions. From the outset,  
4 NYCHA sought the input and advice of external  
5 partners, experts and thought leaders, both from  
6 inside and outside of New York City. NYCHA  
7 leaders met with elected officials and advocates,  
8 including members of the City Council, the Public  
9 Advocate's office, the State Senate and Assembly,  
10 federal elected officials, industry groups and  
11 other City and State agencies and community based  
12 organizations. They presented the challenges that  
13 NYCHA faced and collectively brainstormed  
14 solutions. Their ideas, recommendations and best  
15 practices were incorporated into Plan NYCHA.  
16 NYCHA staff also visited housing authorities  
17 across the country to learn best practices,  
18 explore innovative approaches, research their  
19 housing policies and programming, and develop  
20 partnerships. Talking with public housing leaders  
21 in other cities provided valuable insights into  
22 new and innovative approaches across other  
23 geographies, including Baltimore, Chicago, Newark,  
24 Philadelphia, Portland, Seattle, and Washington,  
25 D.C. In the spring of 2011, NYCHA leaders began

1  
2 presenting the draft plan at meetings, briefings  
3 and interactive session with key stakeholders  
4 through New York City. The plan we released in  
5 January is a result of that collaborative process.  
6 It does not mark an end of our engagement, or our  
7 collaboration. We continue to open new avenues to  
8 dialogue as we roll out the initiatives outlined  
9 in the plan. For instance, last week we launched  
10 PlanNYCHA.org, a microsite dedicated specifically  
11 to the Plan, where anyone can visit to find  
12 information and progress reports, watch video  
13 testimonials from residents and employees, and  
14 offer their input. At the same time, through  
15 direct mail, flyers, the resident journal, social  
16 media and other outbound communications, every  
17 NYCHA household has been made aware of the plan  
18 and its key initiatives, and be given information  
19 about how to access the plan in multiple  
20 languages. Plan NYCHA is organized into ten  
21 distinct imperatives. Each outlines a particular  
22 challenge and what course of action NYCHA will  
23 pursue, as well as a call for partnership  
24 explaining how other public housing stakeholders  
25 can support or expand the impact of our work.

1  
2 While each of these imperatives includes a number  
3 of initiatives and detailed action plans, in the  
4 interests of time I will provide a brief  
5 description of each today. Preserve the public an  
6 affordable housing asset. NYCHA faces the  
7 significant challenge of repairing and maintaining  
8 an aging housing stock. More than 70 percent of  
9 NYCHA buildings are over 40 years old, with  
10 diminished funding in subsidies. We face an  
11 estimated \$13 billion in deferred capital  
12 investment by 2015 if further funding is not  
13 secured. Through Plan NYCHA we will clearly  
14 prioritize our capital needs, improve capital  
15 operations, and pursue creative public/private  
16 funding solutions to close the gap on unmet  
17 capital improvements. Develop new mixed use,  
18 mixed income housing and resources. NYCHA will  
19 analyze financing options to develop new  
20 affordable housing as part of the Mayor's new  
21 marketplace housing plan, and to create community  
22 and commercial facilities to serve residents and  
23 employ New Yorkers. NYCHA will also explore  
24 options for building mixed income and market rate  
25 housing, and for monetizing land and development

1 rights to fund existing NYCHA capital needs.  
2  
3 Ensure financial stability. NYCHA will diversify  
4 its government funding, increase earned revenue  
5 and create new business development capabilities  
6 and public/private partnerships to ensure a  
7 balanced budget. We will work with government  
8 partners to increase spending flexibility through  
9 Moving to Work and pursue and alternative funding  
10 opportunities to compliment public funds. We will  
11 also maximize NYCHA's existing resources,  
12 including our substantial commercial real estate  
13 portfolio, to increase revenue, and continue  
14 pursuing innovative public/private partnerships  
15 that attract additional funding. Expedite  
16 maintenance and repairs. NYCHA currently has an  
17 extensive backlog of existing work orders in need  
18 of completion. In order to reduce this number and  
19 ensure that all future maintenance is scheduled  
20 and completed in a timely manner, we will seek  
21 innovative ways to provide quality, rapid repair.  
22 One such initiative, the Work Order Taskforce, has  
23 already had a tremendous impact. The Taskforce  
24 handles work orders in a comprehensive fashion,  
25 going development to development, and completing

1  
2 all existing work orders in a given apartment in  
3 one shot. Thanks to this effort, we were able to  
4 complete 40,000 work orders in the last seven  
5 months in nearly 10,000 apartments citywide.  
6 Strengthen the frontline. IN order to become an  
7 efficient, high productivity organization, with a  
8 strong focus on serving all of its properties,  
9 NYCHA will be capably staffed with an adequately  
10 resourced professional corps of frontline  
11 employees. We will incorporate the best practices  
12 from property management companies to provide  
13 excellent service and high quality management  
14 throughout its portfolio. Improve safety and  
15 security. NYCHA will work with residents and law  
16 enforcement to create secure, healthy  
17 neighborhoods where residents, employees and their  
18 visitors feel safe, both on NYCHA grounds and  
19 inside our buildings. We will expand on the  
20 advances made by our Safety and Security Taskforce  
21 to improve relationships with the NYPD and invest  
22 in updated security equipment at building  
23 entrances. Optimize apartment usage and ensure  
24 rental equity. NYCHA will transition families to  
25 housing units appropriate for their needs.

1  
2 Maximize the number of families served by Section  
3 8, phase in rent increases to households paying  
4 less than 30 percent of their income, and  
5 encourage higher income families to transition out  
6 of public housing. These measures will maximize  
7 public housing as a resource by allowing families  
8 on the NYCHA waiting list or who have outgrown  
9 their current apartments access to adequately  
10 sized homes. Connect residents and communities to  
11 critical services. NYCHA will seek funding from  
12 and collaborate with new and existing partners who  
13 offer high quality and results oriented  
14 programming, ensuring that residents receive the  
15 maximum benefit from critically needed community  
16 and social services. Excel in customer service.  
17 NYCHA must communicate more effectively with its  
18 customers in order to streamline service and meet  
19 their needs. NYCHA will become a customer focused  
20 organization that strives to make each interaction  
21 a positive experience. Create a high performing  
22 NYCHA. As a high performing organization,  
23 efficiency, operational excellence and continuous  
24 improvement will be championed. Empowered  
25 employees will be capable of and held accountable

1  
2 for helping NYCHA achieve its goals. And NYCHA  
3 will celebrate and reward outstanding performance.  
4 Since the announcement of the Plan in January, we  
5 have continued our efforts to engage and inform  
6 all stakeholders as we begin implementing the  
7 initiative outlined in the five year plan. We  
8 have held multiple conversation with residents and  
9 frontline employees to discuss the ten imperatives  
10 and hear their input and concerns. Next week, in  
11 concert with the Citywide Council of Presidents,  
12 we will kick off another round of conversation  
13 with residents and developments around the City,  
14 to ensure not only that they're informed of  
15 changes taking place, but also that they remain  
16 contributing partners and advisors moving forward.  
17 We have also made announcements in the employee  
18 bulletin and via internal memos, and featured  
19 articles, updates and messages in the resident  
20 journal. Other avenues will be pursued to ensure  
21 the Plan remains transparent and inclusive,  
22 including the interactive microsite which we  
23 launched last week, which I mentioned earlier in  
24 this testimony. We believe that Plan NYCHA  
25 reflects the scale and scope of the challenges

1  
2 facing all of us with a vested interest in seeing  
3 public housing thrive, and the ways in which we  
4 must transform how we operate to remain viable for  
5 the future. Of course, inaction is also an  
6 option. We could continue to go about business as  
7 usual and hope for the best. But at a time when  
8 NYCHA's being asked to do more than ever with less  
9 and less government support, inaction all but  
10 guarantees that we will fall short of our  
11 potential and our obligations to the New Yorker we  
12 serve. The City Council has demonstrated its  
13 commitment to being a strong partner in Plan  
14 NYCHA. In her State of the City address, Speaker  
15 Quinn announced that the Council would provide \$10  
16 million to hire NYCHA residents to perform repair  
17 work at developments around the City. This  
18 forward thinking action on the part of the Council  
19 is a down payment on the type of support Plan  
20 NYCHA calls for to ensure the preservation of  
21 public housing. The program addresses multiple  
22 Plan NYCHA imperatives at once. It provides  
23 career track jobs and economic opportunity for  
24 hired residents, while helping us expedite repair  
25 work in homes and strengthens aging

1  
2 infrastructure. This collaboration is a big step  
3 in the right direction. And one that will serve  
4 as an example to other potential partners of what  
5 we can accomplish when we work together to address  
6 the challenges facing public housing. To that  
7 end, we look forward to working with you to ensure  
8 that Plan NYCHA has the powerful impact it can and  
9 should have in the coming years. We recognize  
10 that there are tough tradeoffs to be made. Not  
11 everyone will agree on every initiative and some  
12 will take the political courage to see through.  
13 However, we believe we have thoroughly balanced  
14 our financial realities with the diverse needs of  
15 our employees and the customers we serve. We also  
16 believe that the Plan offers much opportunity for  
17 creative alternatives and our doors are open to  
18 those who are ready to work together  
19 constructively to find solutions. Your  
20 partnership and advocacy will be crucial to the  
21 success of our common mission: building a strong  
22 future for the 650,000 low and moderate income New  
23 Yorkers we serve. Thank you and I welcome any  
24 questions you may have at this point.

25 CHAIRPERSON MENDEZ: Thank you.

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2 And first I want to acknowledge that the entire  
3 Board is here, so that clearly tells us how  
4 important you think this plan is. And I think  
5 it's the first time we have the entire Board since  
6 the Resident Commissioner has joined. So, I want  
7 to thank the entire Board for being here. Mr.  
8 Chairman, you talked a little bit about the  
9 process with the community conversations and the  
10 groups. And you did talk a little bit about  
11 Baruch College and the work they did. Can you  
12 tell us what, if any, other consultants were used  
13 in creating this document?

14 JOHN RHEA: [pause, background  
15 noise] I want to reiterate the extensive nature of  
16 the community engagement. There were many  
17 conversations with residents, both small and  
18 large, highlighted by the ten large format  
19 community conversations that we held throughout  
20 the City, where over 800 residents attended and  
21 actively participated. We tried to ensure, as I  
22 said in the testimony, to cover every demographic  
23 through that activity. We did engage some  
24 consultants in helping us with various aspects of  
25 the Plan; although, as I stated in my testimony,

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2 their role was one of support, because this was  
3 really an activity that was led and owned by NYCHA  
4 leadership, all the way down through the  
5 frontline. So the consultants that did have a  
6 role were three: The Monitor Consulting Group,  
7 Baruch College, as I mentioned in the testimony,  
8 and an organization called Harvest.

9 CHAIRPERSON MENDEZ: And can you  
10 tell us a little bit about Monitor Consulting and  
11 what was their role in assisting with this  
12 document?

13 JOHN RHEA: So The Monitor Group is  
14 a strategy consulting firm. They have a team here  
15 based in New York in Lower Manhattan. They worked  
16 with us particularly on the aspects that helped us  
17 create the frameworks and the templates to ensure  
18 consistency in the type of data that each of our  
19 staff members and team participants were  
20 capturing, how they were analyzing the data that  
21 they were collecting, and then putting the number  
22 of solutions forward in terms of prioritizing what  
23 we could tackle, what we couldn't tackle, and  
24 ensuring that that was done in a consistent way  
25 across the nine different work streams that were

1  
2 going on throughout the Plan NYCHA development  
3 process. And they helped lead some of those  
4 senior level dialogues in condensing that down  
5 into actionable goals.

6 CHAIRPERSON MENDEZ: And if you can  
7 do the same thing for Baruch College and Harvest,  
8 you did go into Baruch College a little bit.

9 JOHN RHEA: So, yeah, I just will  
10 reiterate, Baruch was principally hired because  
11 they have a very well recognized research team on  
12 performing surveys and statistically analyzing the  
13 results of those surveys. And helping translate  
14 that data into real information, that's digestible  
15 and actionable. And that's principally what we  
16 work with Baruch on, and having, as I mentioned in  
17 the testimony, a third party independent of NYCHA  
18 perform those surveys we thought was helpful to  
19 giving residents a lot of comfort around being  
20 very direct and honest and open about their  
21 experiences. And having that played back to NYCHA  
22 management and NYCHA, NYCHA employees. So that  
23 was principally Baruch's role. And Harvest,  
24 principally performed some additional surveying  
25 work and again helped us with, with translating

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those results.

CHAIRPERSON MENDEZ: And Harvest is located where?

JOHN RHEA: Harvest is based in Iowa.

CHAIRPERSON MENDEZ: [pause] You provided us with a correction on that this morning, I was just told. [background comment] Oh, okay. Never mind. Before I turn it over to Council Member Melissa Mark-Viverito, if you could just tell us about the resident leadership and how they were engaged, the residents, to be part of these community conversations.

JOHN RHEA: So we worked with a series of resident leaders, most importantly the Citywide Council of Presidents, which is the duly elected resident leadership body of public housing in New York. We worked with other public housing groups, you know, from, you know, Community Voices Heard to others, to invite them to participate in our community conversations, and to help us get the word out. We worked with ten of association presidents to help us distribute all of the flyers about the community conversations. We work with

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2 them on designing the locations that we would hold  
3 the community conversations. And then during  
4 those community conversations we asked, they were  
5 done in a form of roundtables where at each table  
6 there were roughly ten people and each table were  
7 residents, a resident leader, and then NYCHA staff  
8 personnel and leaders. And in those  
9 conversations, we asked the resident leaders and  
10 other residents to take real leadership activity  
11 in driving that dialogue was we put forward each  
12 of the imperatives, asking their input on 'em,  
13 asking how they thought about creative ways to  
14 brainstorm solving those problems, asked them  
15 about their fears and concerns about various  
16 alternatives. And so resident leaders played a  
17 role in every aspect from outreach to location  
18 selection of the conversations, to leading  
19 discussions and roundtables, to ultimately  
20 providing us with feedback on our draft proposals.

21 CHAIRPERSON MENDEZ: And can you  
22 just tell us about the engagement of youth and how  
23 you were able to do that?

24 JOHN RHEA: So one of the things  
25 that we, as I said in the written testimony, we

1  
2 wanted to hear from a broad cross section of  
3 demographics. And one of those demographics that  
4 we believe is critically important to engage are  
5 youth in public housing. And so we, in addition  
6 to just inviting many youth who participated in  
7 the broad focus groups, we also created two  
8 separate conversations for youth I think between  
9 the ages of 16 and 24, I might have the numbers  
10 wrong, but in that, that zip code. And the goal  
11 was to truly ask them very directly how they  
12 thought about the issues of public housing and how  
13 it fits in today's environment, and does or  
14 doesn't support their ambitions, for not only  
15 achieving success individually, but ultimately  
16 having their own families and remaining in New  
17 York City. And we learned a lot through those  
18 conversations that were consistent with what we  
19 were hearing for some of the broader  
20 conversations, but also some things that were  
21 unique to youth about how they think about their  
22 lives in a very different environment than when  
23 public housing was created. Yeah, please.

24 MARGARITA LOPEZ: The Chairman left  
25 one component out that is important also to attach

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2 to your question, which is subsequently, after all  
3 of these meeting have--

4 CHAIRPERSON MENDEZ: Commissioner,  
5 can you just please identify yourself for the  
6 record?

7 MARGARITA LOPEZ: I'm sorry. I  
8 forgot. My name is Margarita Lopez, Member of the  
9 New York City Housing Authority Board.  
10 Subsequently, after all of those meetings happen,  
11 then meetings occur based on the invitation of the  
12 different presidents of tenants associations, who  
13 invited NYCHA to make a presentation to every  
14 development in which we were invited by the  
15 particular president of the tenant association.  
16 On those meetings, the tenant association  
17 president invited the membership of the particular  
18 tenant membership buildings. This happened all  
19 over the City anywhere the particular president  
20 wanted us to go and make a presentation. And we  
21 reach out with I believe 1,600 residents, if I am  
22 not mistaken. Don't quote me in the exact number,  
23 but it's around there, in that process.

24 CHAIRPERSON MENDEZ: Can you tell  
25 me if you have the number available, how many

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2 developments did reach out that you actually went  
3 to?

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MARGARITA LOPEZ: We will be more  
5 than glad to give you that information. I don't  
6 have it right here right now. We want to be very  
7 accurate on the developments that we went. We're  
8 still, by the way, willing, to go anywhere any  
9 President would like to have a presentation to the  
10 membership of that particular development And as  
11 a matter of fact, for us it's very important that  
12 that be the case. The more people in the  
13 development listen to this plan, the better public  
14 housing will be, and the stronger we will be able  
15 to preserve public housing in New York City.

16

CHAIRPERSON MENDEZ: Thank you,  
17 Commissioner Lopez. Melissa Mark-Viverito?

18

COUNCIL MEMBER MARK-VIVERITO:  
19 Thank you, Madam Chair. I want to thank all of  
20 you commissioners for being here, and engaging in  
21 this dialogue with us on this plan, which  
22 obviously I think it needs to be commended the  
23 amount of work that really has gone into it. And  
24 the proactiveness of it, of really reaching and  
25 including residents in the conversation

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2 throughout. And employees, and anyone that has to  
3 do with public housing. Obviously, the financing  
4 aspect of the plan is one that I'm sure we're  
5 going to spend some time on, but before we get  
6 there, I did want to touch on two issues that I  
7 have questions about that are included in your  
8 plan, but also because, you know, we've been  
9 getting a lot of calls in our office. And it has  
10 to do with the downsizing aspect of the plan. And  
11 understanding the number of people that we have on  
12 the waiting list, clearly, you know, the interest  
13 is to house as many families as we can. And the  
14 downsizing aspect primarily involves seniors that  
15 can get really anxious and have been getting very  
16 anxious about how that is going to happen. And so  
17 we've been getting a lot of calls in our office  
18 about that because one of the concerns that has  
19 been raised is that people are being asked to,  
20 historically, who have been living decades in a  
21 particular neighborhood, in a particular  
22 development, that they now have to uproot  
23 themselves and possibly go to another borough,  
24 another neighborhood that is unfamiliar to them.  
25 You know, so to, I want to understand the process

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2 by which this is being communicated. Is there an  
3 attempt to keep people within their development,  
4 within the neighborhood, etc.? Because as you can  
5 imagine, this is leading to an unbelievable  
6 anxiety, again particularly among seniors that are  
7 the ones that are contacting our office. So, if  
8 you just go through a little bit about how that is  
9 being thought out and how it's being communicated  
10 and being implemented.

11 JOHN RHEA: First and foremost, I  
12 want to emphasize that the NYCHA Board, as well as  
13 every single member of the Authority, recognizes  
14 that right sizing apartments is a very delicate  
15 issue. Having said that, we have a responsibility  
16 to act. And we have responsibility on a number of  
17 levels. First and foremost, there is a  
18 requirement that families be appropriately housed.  
19 So, this is not something that we invented. HUD  
20 regulations require household compositions be  
21 sized to the unit. So when we have anybody,  
22 senior or otherwise, that is in "an under occupied  
23 apartment," is in violation of our rules.  
24 Secondly, many of our seniors--we have 55, about,  
25 over 50,000 under occupied apartments. That's a

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2 sizable number compared to 180,000 over our  
3 housing stock. So, this is not a small issue, so  
4 we have an imperative to act because this is not,  
5 you know, some small marginal issue that involves  
6 a few people, this is an issue that fundamentally  
7 jeopardizes our ability to serve families per our  
8 mission. As you said, I discussed the numbers of  
9 the waiting list. That is a group of people who  
10 are customers and constituents that we need to  
11 address their needs and concerns, as well. So  
12 there are a number of balancing acts that we are  
13 trying to deal with around right sizing  
14 apartments. The fourth issue is seniors  
15 themselves, which are obviously the largest  
16 stakeholder in the under occupied, of the 50,000  
17 roughly 30-something thousand are seniors. So  
18 this obviously impacts seniors, mostly, although  
19 not solely. Many of our seniors are not being  
20 adequately served in their apartments today.  
21 Larger apartments create real issues for seniors,  
22 particularly when they're living alone.  
23 Maintenance and upkeep is harder on them,  
24 oftentimes they have to struggle with dealing with  
25 family members who want to move back into, or move

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2 into those units, despite NYCHA's rules. Many  
3 times very difficult for a senior to, you know,  
4 address those issues. We've had, this Board deals  
5 with on regular, weekly, seniors who we need to  
6 assign GALs to--guardian ad litem--or who feel  
7 that they are actually in risk, or in fear of  
8 family members who demand to be moved back into  
9 their apartments. So there are a number of issues  
10 that happen with under occupied apartments that in  
11 our belief actually are not in seniors' best  
12 interest. Now, to answer your question.  
13 Preferably our goal would be to keep seniors in  
14 their buildings. To the extent that their  
15 buildings can serve their needs. And in many  
16 cases, again, the buildings don't serve their  
17 needs. Whether it's because of the operational  
18 challenges around elevator outages, whether it's  
19 the lack of 504 accessibility, there are a number  
20 of reasons why even if we could accommodate every  
21 single senior with the right sized apartment in  
22 their existing building, that still may not be the  
23 best answer to support that senior as we would  
24 like to. The reality, though, is because NYCHA  
25 was built to serve families, we do not have a

1 sufficient number of studio or one bedroom  
2 apartments to downsize all seniors into, Authority  
3 wide, let alone within their same building or  
4 within their same development. Again, having said  
5 that, our preference and the order that we go  
6 through, working with seniors, is first within  
7 their development, then within the surrounding  
8 community, and then obviously more broadly,  
9 borough wide. We recognize that particularly for  
10 seniors, for any New Yorker, but particularly for  
11 seniors who've had a long attachment to a  
12 community, whether it be their clergy, whether it  
13 be their doctor, whether it be their senior, their  
14 senior center, keeping someone in their community  
15 is a high priority for us. That's why as we talk  
16 about how we're going to utilize our land as an  
17 example, one of our top priorities that the Board  
18 set is the development of senior supportive  
19 housing on NYCHA property. We just cut the ribbon  
20 last week, at Council Tower Six, with the Met  
21 Council on Jewish Affairs, at Pomonok Houses,  
22 where we've just built 100 units of new senior  
23 housing directly on NYCHA land, in partnership  
24 with Met Council, and it's the first time that we  
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1  
2 got HUD to give a waiver where we could prioritize  
3 and have a set aside of a number of those units  
4 that would be prioritized and set aside for NYCHA  
5 seniors. And I spent last week talking with a  
6 number of the NYCHA seniors who've moved out of  
7 their Pomonok residence, where they were in an  
8 under occupied apartment and into a brand new,  
9 right sized, with the social services onsite, in  
10 Council Tower Six, that they're incredibly excited  
11 about and were thanking us for being able to make  
12 that a reality. We need a number of tools. New  
13 units, Section 8 vouchers, and a willingness on  
14 the part of some residents to consider other NYCHA  
15 developments in their broader surrounding  
16 community, where it doesn't actually detract from  
17 their ability to get to their important support  
18 services.

19 COUNCIL MEMBER MARK-VIVERITO: I  
20 appreciate that, and you--one of the things that I  
21 as--

22 CHAIRPERSON MENDEZ: Council  
23 Member, can I just ask one question. You said  
24 50,000 apartments are currently under occupied, of  
25 you 200--178,000, approximately. How many of

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2 those can you tell us are overcrowded or extremely  
3 overcrowded?

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MARGARITA LOPEZ: Just before we  
5 answer that question precisely, I wanted to  
6 indicate the following thing. Very respectfully  
7 to all of you Council Members, and very  
8 respectfully to the people of New York City, it's  
9 a silent majority that we are not speaking about.  
10 And it's families that are living in overcrowded  
11 apartment with childrens and teenagers. They are  
12 living in apartments where six and seven  
13 individuals do not have one bedroom, they live in  
14 apartments where two bedrooms apartments because  
15 originally the family moved there, gave birth to  
16 new children, and they were not able to be  
17 relocated, because the big apartments are occupied  
18 by many seniors. Then, it's very important that  
19 you leaders of this City, also speak about that  
20 silent majority that are bigger than the amount of  
21 seniors that are in apartments that are bigger  
22 than what they need. That number is bigger than  
23 that. Thank you.

24

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CHAIRPERSON MENDEZ: Do you, do you  
have a number to give us at this moment?

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2 JOHN RHEA: So, a couple of things.  
3 This is a ... it's not scientific, and I'll say  
4 this for a couple of reasons. Number one, we know  
5 that about 15,000 apartments are officially  
6 overcrowded, on, so of existing NYCHA families.  
7 The reality, though, as many of the ways we define  
8 overcrowding, just given the realities of the  
9 scarce housing stock, as the Commissioner said,  
10 there are many families that have adult children,  
11 you know, 19-20, you know, sleeping in the  
12 bedroom, with a parent. Which would not qualify  
13 as overcrowding. And so, a lot of what I tell you  
14 about the actual overcrowding numbers don't  
15 reflect the reality, what I think the common  
16 person would say is not an ideal living situation.  
17 Secondly, one of the biggest challenges for  
18 families on our waiting list, is not that a NYCHA  
19 unit doesn't open up, but an appropriate sized  
20 NYCHA unit doesn't open up. Again, because of the  
21 under occupancy challenges that we have of 50,000,  
22 many families on the waiting list can't move in to  
23 an overcrowded situation, so we will not move you  
24 off of a waiting list if you, if your family  
25 composition says you need a three bedroom, and a

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2 two bedroom opens up, you can't move off of the  
3 waiting list into that NYCHA unit, because we  
4 can't move you into an overcrowded situation upon  
5 your initial occupancy.

6 CHAIRPERSON MENDEZ: Even though  
7 you're already overcrowded.

8 JOHN RHEA: Even through we're  
9 already overcrowded. Upon initial occupancy, we  
10 would be violating HUD rules and standards to move  
11 an overcrowded family into a--

12 CHAIRPERSON MENDEZ: Seems like we  
13 need some flexibility with that, as well, 'cause  
14 that doesn't make sense, if you have eight people  
15 living in a one bedroom, and they're waiting for a  
16 three bedroom, and we, the wait time is  
17 approximately how long?

18 JOHN RHEA: I'm not going to  
19 proffer, it depends. There's no, no such thing as  
20 a, as a standard wait time--

21 CHAIRPERSON MENDEZ: So--

22 JOHN RHEA: --it depends on your  
23 priority and so--

24 CHAIRPERSON MENDEZ: So, can you at  
25 least for the public, tell us what the official

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definition for overcrowded is, that NYCHA is bound by?

JOHN RHEA: So there are two definitions, and I may call on one of my colleagues, but there's overcrowded and extremely overcrowded. And if anybody wants to come to my rescue you can, but otherwise we'll get back to you with exact definitions. But there--

CHAIRPERSON MENDEZ: Because I--

JOHN RHEA: --they are technical terms.

CHAIRPERSON MENDEZ: I think it's important, particularly for everyone here, because what, what we might consider overcrowded, NYCHA, under its rules that it's bound by, isn't overcrowded. And so, what someone would consider extremely overcrowded is just overcrowded, and that makes a difference. And--

JOHN RHEA: We'll get back to you with exact numbers.

CHAIRPERSON MENDEZ: Yes, okay. And the under occupancy is an issue, and I just want to say that in years past I've always appreciated the thoughtfulness. It's a balancing

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2 act, and, but trying to accommodate someone who  
3 may not have family, who is still residing in a  
4 building and trying to keep them in that  
5 development, while getting them an appropriate  
6 sized apartment, is not always a fast or easy  
7 thing to do, but it is the correct thing to do.  
8 And I appreciate that you have done that in the  
9 past.

10 JOHN RHEA: And well, I do have to-  
11 -there is a, I'd say, a much more intensive focus  
12 on this issue, with all due respect to the work  
13 that NYCHA's done in the past, and through the  
14 support of others, who've been concerned about  
15 this issue, we have to do a much better job on  
16 this. This is something that we are turning up  
17 the energy around, because of all the things I  
18 outlined in the beginning. And the first step of  
19 that, to go back again to Council Member  
20 Viverito's question, is around communicating  
21 clearly to NYCHA seniors, without causing undue  
22 anxiety, but the first step in us solving our  
23 right sizing problem, is to have all NYCHA under  
24 occupied, or anyone who's not in a proper, whether  
25 it's over or under occupied, on the transfer list.

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2 And so, the first step in this process is for  
3 every family that's not adequately housed, to  
4 ensure that they go on the transfer list. And  
5 that's what our community to our seniors and the  
6 other 50,000 members who are in under occupied  
7 units, which was a notice that you are not in  
8 appropriately sized housing, and we need you to go  
9 to your management office and to register on the  
10 transfer list, to become officially on the  
11 transfer list. We can't manage the process  
12 without having people comply with the regulations.  
13 We're working to make sure that communication is  
14 done as appropriately as possible, but the reality  
15 is we need compliance, and we need our elected  
16 officials to communicate to residents that they  
17 must comply. That this is not about kicking them  
18 out of their apartment, this is not about anything  
19 other than ensuring that they are in compliance  
20 and on the transfer list, so that we can begin to  
21 manage the problem.

22 COUNCIL MEMBER MARK-VIVERITO: All  
23 right, well let me, let me go back to a couple of  
24 questions regarding that. So, it appears, from  
25 what you're saying, that this issue has not been

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aggressively handled in prior administrations.

JOHN RHEA: Correct.

COUNCIL MEMBER MARK-VIVERITO: Is that correct?

JOHN RHEA: That is correct.

COUNCIL MEMBER MARK-VIVERITO: Now, under your watch, your Board watch, how many people have been downsized? So far.

JOHN RHEA: We will have to get you an exact number. What I will tell you is that of the 50,000, so just to put it in perspective, of the 50,000 under occupied, only about 5,500 are officially on the transfer list and registered. So we have mass noncompliance with a fundamental lease obligation.

COUNCIL MEMBER MARK-VIVERITO: Right. And so, in the case where people don't put themselves on the transfer list, I'm assuming there's other measure you're going to take.

JOHN RHEA: Yes, we will have to implement--

COUNCIL MEMBER MARK-VIVERITO: 'Cause you have to comply.

JOHN RHEA: --other measures,

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correct.

COUNCIL MEMBER MARK-VIVERITO: Now, you're saying that this is a requirement from HUD, if it hasn't been adhered to in past, has there been any repercussions to NYCHA, because you have been in noncompliance?

JOHN RHEA: Yeah, so, you know, our PHAS scores and other things reflect the fact that we're not in compliance.

COUNCIL MEMBER MARK-VIVERITO: Do you get loss of funding because of that?

JOHN RHEA: Ultimately, if you don't--it won't be this one measure, but ultimately if our PHAS scores continue to be in noncompliance, we'll go from--we're not a high performer now, we're a standard performer, and we could actually be a low performer and ultimately you can be sanctioned and--

COUNCIL MEMBER MARK-VIVERITO: But so far it hasn't, in terms of funding.

JOHN RHEA: I can't--I can't say that our HUD funding has been directly impacted by us not pursuing downsizing--

COUNCIL MEMBER MARK-VIVERITO: But

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performance measures have.

JOHN RHEA: But performance  
measures have.

CHAIRPERSON MENDEZ: Mr. Chairman,  
can you tell us what PHAS stands for, please?

[background comment]

CHAIRPERSON MENDEZ: And please  
identify yourself for the record.

JOHN RHEA: Identify yourself.

CHAIRPERSON MENDEZ: Turn on--okay.

CARLOS LABOY-DIAZ: Good morning,  
my name is Carlos Laboy-Diaz, I'm the Vice  
President for Operation for NYCHA. The PHAS is  
one of the instruments that Department of Housing  
and Urban Development use to make sure the Housing  
Authority performance.

CHAIRPERSON MENDEZ: And it stands  
for--?

CARLOS LABOY-DIAZ: The PHAS, it  
stands for Public Housing Assessment System.

CHAIRPERSON MENDEZ: Thank you.

COUNCIL MEMBER MARK-VIVERITO: You  
know, not--I want to, I'm taking this opportunity  
to kind of get into--'cause this is an issue

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2 that's surfacing, I know it's been in the mix for  
3 a couple of years, but I think the level of  
4 information and detail is important, so that we  
5 get an understanding on how we can go back to our  
6 communities. Now, in the case of maybe people  
7 that you have, let's say, successfully downsized,  
8 maybe there was those individuals, maybe there was  
9 an original hesitation, concern, and maybe now  
10 they're happy in the situation. Have you thought  
11 about having them be advocates or help you in  
12 moving this process along?

13 JOHN RHEA: Thank you for asking  
14 that. We believe our best salesperson is someone,  
15 a customer that we've--

16 COUNCIL MEMBER MARK-VIVERITO:  
17 Who's gone through the process.

18 JOHN RHEA: --that we've served  
19 well. And there are so many of those. They're  
20 ones that have complied, you know, over time, they  
21 received the letter, they put themselves on the  
22 transfer list, they were on the list for a while,  
23 a unit opened up in their development, or in a  
24 number of other cases where they moved out of  
25 their development to surrounding community

1  
2 developments. And then I just mentioned where  
3 we've more recently had success in working with  
4 residents to get into new construction. So we  
5 have a number. And in the community  
6 conversations, this was a big, big piece. And I  
7 remember one particular senior who stood up and  
8 said she had just been to Detroit and a couple  
9 other places, and said that, you know, she saw all  
10 the new construction that many seniors had moved  
11 into, and "If I can have that, then I'm willing  
12 to, you know, put my name on the list" and, and be  
13 subjected "to right-sizing." So, I think, you  
14 know, there's a lot of anxiety here. This is,  
15 this is an issue that not only affects the senior,  
16 but also many times their family members. Again,  
17 without naming names, I had a call recently from  
18 someone who was advocating on behalf of their  
19 parent, who said, "I actually have been trying to  
20 get my mother to move for quite some time, and she  
21 doesn't want to move. How can we work with you,  
22 Chairman Rhea, to, you know, do outreach not only  
23 to my mother but other seniors that are in a  
24 similar situation?"

25 COUNCIL MEMBER MARK-VIVERITO:

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Right.

JOHN RHEA: They want to remain independent, they don't want to move, you know, either into their chi--the kid's home or to outside of a neighborhood where they have so many supports. So we get it, we're working to our best to actually address it, and again I mentioned some specific tools. New construction is only one, but we also, one of the things we're doing is working on creating a new Section 8 marketing plan. So as our vouchers do become available, one of the priorities we want to be able to use our vouchers for, is for right sizing seniors. So, maybe they can't stay in the public housing building, or development in their neighborhood, but they can move to a privately owned landlord building directly across the street, with a Section 8 voucher. And so, we need to debunk some of those myths, that, you know, "Well wait a minute, you know, I don't want to be a Section 8 voucher holder." "Well, why not? What are your concerns? What are your needs? And can this voucher be an alternative to public housing?" And those are the kinds of conversations that we need support, we

1  
2 got to do the outreach, but we also need the  
3 support to not vilify the process.

4 COUNCIL MEMBER MARK-VIVERITO:

5 Right. Well, you are, you also mentioned, I mean,  
6 the other thing I would say is not only the  
7 individuals but also the advocates, you know, in  
8 terms of the organizations that work with our  
9 senior population that can also help through this  
10 process. I have been, you know, advocating, and  
11 I'm glad to hear about the focus on senior  
12 housing, and services within the, those  
13 developments that work with our seniors, because  
14 we are an aging population. And to the extent  
15 that you can also interlace that with the focus  
16 that this Administration and this Council has also  
17 done, on looking at how New York City can be an  
18 age friendly place, that clearly, you know, plays  
19 into the mix. Right? We're trying to not only  
20 are we right sizing apartments, you know, but  
21 we're also doing it thoughtfully, because there  
22 are support needs that seniors have. So, I think,  
23 you know, all of that has to kind of work  
24 together. But also the advocates that work with  
25 our seniors, if there's a role for them to play in

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2 this, so that it's done, you know, right. There  
3 is, there is that component, again, of anxiety  
4 that has to be dealt with, that's a reality. Any  
5 sort of major change is going to lead to that.  
6 But also, the need, obviously, the balancing act  
7 with families that are severely overcrowded in  
8 this City, we have a severe crisis, we have record  
9 numbers of homeless, families, that's a reality.  
10 So, so there's a lot at play here, and I think  
11 that, at least I appreciate the thinking that's  
12 going into this.

13 MARGARITA LOPEZ: Great mind think  
14 alike. And I'm glad that you mentioned what you  
15 mentioned, because I want you to know, on the  
16 Board, that we already have been partnering with  
17 organizations to speak about this issue. I can  
18 tell you that the organization, Jacob Riis  
19 Community Center in Queens, they invited us to  
20 speak with the population of the program that they  
21 have, for the senior population in there. That's  
22 a not-for-profit organization who invited us to do  
23 that. In Promenade Houses, same situation: a  
24 not-for-profit organization that work with us.  
25 But, I also want to tell you, that tenant leaders,

1  
2 presidents of the tenant associations, are  
3 inviting us to speak with the residents. For  
4 example, Margarita Curet, who is the president of  
5 Amsterdam Houses, invited us to make a  
6 presentation to explain to the residents why is it  
7 that the silent majority of NYCHA do not, that do  
8 not have an appropriate size apartment, and the  
9 seniors who have a bigger apartment than they  
10 need, needed to listen to this conversation.  
11 Also, the development of Chelsea Elliott had  
12 invited us to speak with the tenant association,  
13 and with the seniors of those developments. Then,  
14 just to confirm what you ask--

15 COUNCIL MEMBER MARK-VIVERITO:

16 Yeah.

17 MARGARITA LOPEZ: We already doing  
18 that.

19 COUNCIL MEMBER MARK-VIVERITO:

20 That's great. No, and I'm glad to hear that. And  
21 then, Madam Chair, if I may, just quickly, to just  
22 touch on another quick subject. Sorry, that's  
23 okay, was there anything you wanted--

24 JOHN RHEA: Yeah, there's two other  
25 points we want to make, I would like to one and

1  
2 Vice Chair Youssouf would like to make one. This  
3 is not an issue, as you said, that is limited to  
4 our need to downsize. We've been focused on  
5 seniors, and last year I presented, for the first  
6 time, NYCHA was invited at, we pushed, they  
7 invited, to the Supportive Housing Network of New  
8 York, SHNNY conference, to talk about our senior  
9 needs and particularly many of our seniors with  
10 disabilities and how that's a, that's a silent,  
11 Commissioner Lopez said, you know, not necessarily  
12 a majority but a very large block of constituents  
13 who need supportive services that are consistent  
14 with the kind of supportive work of the Supportive  
15 Housing Network of New York. And so, we're  
16 meeting with their Board tomorrow, and presenting  
17 again tonight, and presenting again to their  
18 conference this year. Our goal is to really find  
19 additional creative solutions to support our  
20 seniors. We're up and speaking in Albany about  
21 making sure that the money is following the  
22 senior, right, and right now today, we don't  
23 receive funding for seniors if they live in public  
24 housing. Right? But if they live in, you know,  
25 supportive or nursing care, right, then they, all

1  
2 of the dollars from Medicaid and others follow  
3 them. Even though many of those seniors are, they  
4 just need low levels of supportive care. They  
5 don't really need to be in a nursing environment.  
6 But when those dollars, if those dollars could  
7 follow the patient, there would be other ways for  
8 us to invest in additional supportive services--

9 COUNCIL MEMBER MARK-VIVERITO:

10 Right.

11 JOHN RHEA: --and to have housing  
12 support. So, there's a lot going on that we're,  
13 we're engaging in, right, we want to be a real  
14 voice for, you know, input and change around the  
15 dimensions of how we support seniors, not, you  
16 know, in New York, but nationally. And we think  
17 we have a real voice in it, because we have such a  
18 large share of seniors living independently in New  
19 York. And so I wanted to make that point. This  
20 is not just a right-sizing issue, it's how do we  
21 support our seniors? And Vice Chair wanted to  
22 make a comment, as well.

23 EMILY YOUSOUF: I just wanted to  
24 add that one of the issues is the new construction  
25 which is very important. But most of that funding

1  
2 comes from the federal level in the form of a 202  
3 mortgage.

4 COUNCIL MEMBER MARK-VIVERITO:

5 Right.

6 EMILY YOUSOUF: That program has  
7 been cut back severely. And we were lucky enough  
8 to get one award last year, and so, it's something  
9 that we're trying to get again, and also trying to  
10 get some additional like nine percent tax credits,  
11 we need subsidized funding for senior housing,  
12 it's absolutely essential. We'll say that, I  
13 think it's great we have been working closely with  
14 our housing partners in New York, HPD and HDC, to  
15 try to come up with ways where we can have better  
16 access to their funding, or be a priority in their  
17 funding. And I think, you know, collaboration is  
18 actually beginning to, you know, become fruitful,  
19 and to help us so we can get the funds to build  
20 the additional types of housing we need.

21 COUNCIL MEMBER MARK-VIVERITO: I

22 mean, I was just going to ask, but I'll go around,  
23 I'll come back--

24 CHAIRPERSON MENDEZ: Okay.

25 COUNCIL MEMBER MARK-VIVERITO: --to

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the second round of questions.

CHAIRPERSON MENDEZ: We've been joined by Council Member Halloran from Queens, and Council Member Gale Brewer from Manhattan. And I'm going to turn it over to Council Member Margaret Chin from Manhattan for questions.

COUNCIL MEMBER CHIN: Thank you, Madam Chair. I just wanted to continue that discussion, because it's the same in my district, when we have family that are overcrowded, and family with disabled children, living in the same development, and they see a senior, you know, in their same building, living in a three bedroom apartment, that they can transfer to, is very frustrating. And it's been going on, I mean, for the past like years, and they still couldn't get the transfer. So, one thing that I would like to suggest is that I think part of it is how do we help people do the transfer? Because I think when you look at it, I mean, it's going to, they're going to have to, you know, put in new phones, they're going to have to move, it's very daunting. So, if there is a way to maybe start some pilot program where we can offer that service. Help

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2 them actually physically move and get phones  
3 installed and Con-Ed reinstalled, so that those  
4 things are taken care of. And that might help  
5 kind of ease the stress. And to really help with  
6 the transfer process.

7                   JOHN RHEA: So, so, on two points  
8 you made. One, one is, there are bunch of  
9 overcrowded situations and under crowded  
10 situations, right? The logical person says,  
11 "Well, why can't we just swap it and fix it?"  
12 right? That's the kind of engagement that we want  
13 from our residents, from advocates, and from the  
14 Council, right? We have requirements right now  
15 that, you know, we under consent decrees, you  
16 know, things that are 20 years old. Right, in  
17 terms of how we allocate apartments, and a host of  
18 things. But we need some flexibility in thinking  
19 about creative solutions to this problem. Because  
20 certainly in many cases there may be, you know, a  
21 realistic swap, between families that would solve  
22 both parties' needs. But we don't have the  
23 flexibility to do that, under our current  
24 allocation plan. And as I said, we operate under  
25 a consent decree that limits our flexibility. I'm

1  
2 not saying that's necessarily the right approach,  
3 but those are the kinds of things that we think  
4 need to be put on the table in terms of how do we  
5 deal with this, this right size issue. On the  
6 issue of, of ensuring that we're doing everything  
7 we can around communication, we've really tried to  
8 step up our efforts in that area, too, Council  
9 Member Chin, in making sure that, you know,  
10 families understand that we've asked a senior to  
11 go on the transfer list, and when they come to us  
12 and say, "Why can't I have that apartment?" we  
13 need to be able to tell them that Mrs. Smith is on  
14 the transfer list. As soon as an apartment  
15 becomes available for her, NYCHA's working with,  
16 with her to move, or with him to move. Right now,  
17 we can't look an overcrowded family in the eye and  
18 say, all 50,000 families who are in under occupied  
19 apartments, are even on the transfer list. We  
20 have an obligation to them and to all those on the  
21 waiting list, to be able to say that.

22 COUNCIL MEMBER CHIN: So you cannot  
23 even put people on transfer lists unless they put  
24 themselves on the list.

25 JOHN RHEA: Right, I mean we--

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COUNCIL MEMBER CHIN: I see.

JOHN RHEA: --exactly, they have to come and we have to, you know, with, meet with a housing assistant, and, you know, confirm their household composition and, you know, formally put themselves on the transfer list, and to tell us which, what they're willing to consider and not consider.

COUNCIL MEMBER CHIN: But in the beginning, you do know who is in an un--you know, like a, in an apart--

JOHN RHEA: We do an an--right, so we have annual certifications that we got through with our families, right, and that's how we identify that someone is in a not right, is in either under or over occupied apartment. And then we send 'em a letter, saying, you know, you've been identified as not being in a right sized apartment. We need you to see your housing assistant to put yourself on, formally on the transfer list. And there's a series of questions that we ask them about willingness to, you know--

COUNCIL MEMBER CHIN: Well, I, I believe that.

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2 JOHN RHEA: And so, we, you know,  
3 without having that conversation with them and  
4 taking the proactive step to ensure that they're  
5 on the list, you know, we ultimately are kind of  
6 in a position of noncompliance.

7 COUNCIL MEMBER CHIN: I think we  
8 could all work with you in terms of really  
9 engaging the residents and tenant leaders. But I  
10 think on the issue where there's possible to do  
11 swaps, you know, maybe there's, you know, within  
12 each development, to give them that flexibility.  
13 Or how do we get to that point where we can do it?  
14 I think we should seriously look at that, to how  
15 to help facilitate that, when there is a way to  
16 sort of swap apartments within the same complex.

17 JOHN RHEA: So, it's, it's  
18 complicated, but I think it's worth, it's worth  
19 evaluating.

20 COUNCIL MEMBER CHIN: Okay.

21 JOHN RHEA: But it will require  
22 support beyond just NYCHA taking, you know, kind  
23 of an administrative action.

24 COUNCIL MEMBER CHIN: No, if  
25 there's anything that we can help with, I mean, I

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have families right now that's in one complex,  
that's like--

CHAIRPERSON MENDEZ: Mr. Chairman,  
aren't there legal barriers to that at the moment?

JOHN RHEA: That's correct.

CHAIRPERSON MENDEZ: Okay.

JOHN RHEA: But like anything else,  
legal barriers can be addressed.

CHAIRPERSON MENDEZ: Okay. So,  
we'll continue that conversation.

COUNCIL MEMBER CHIN: Yean. The  
second question I have is on your, the point about  
the repair, the taskforce. So how, when you, in  
your testimony you said that they were able to  
complete like 10,000 repairs. So, is that--

JOHN RHEA: 40,000.

COUNCIL MEMBER CHIN: 40,000?

JOHN RHEA: In 10,000 different  
apartments, correct.

COUNCIL MEMBER CHIN: 10,000  
different apartment. Is that in one particular  
complex, or that's citywide?

JOHN RHEA: That's multiple, we've  
been going development in waves, development to

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2 development. I was out in South Jamaica Houses  
3 with the elected officials a couple of months ago,  
4 where we had a big celebration, you know,  
5 recognizing the staff, and the tenant association  
6 leaders and others who had supported the work  
7 order taskforce, completing all of the repairs at  
8 South Jamaica Houses. You know, we've done it in  
9 Manhattan, we've done it in Bronx, so it's, each  
10 borough is working with Mr. Laboy on rapid  
11 response teams that are going in and addressing  
12 all these issues, by having multiple trades work  
13 together at one time, in order to address the  
14 issues. I mean, part of this, I mentioned it in  
15 my formal testimony is we do have some real  
16 barriers around work rules, that prohibit the type  
17 of flexibility that we need to get into apartments  
18 and to do work at one time, to have more of a  
19 general contractor approach to certain types of  
20 repairs. We need to create that flexibility in  
21 how we do our work. And so when we talk about  
22 changes that we need with our partners in labor,  
23 and with our skilled trades, we're referencing the  
24 fact that our frontline staff have told us, it is  
25 our own archaic rules that prevent our ability in

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2 many cases to serve a resident's needs  
3 efficiently. And we need to address issues. We  
4 need to be honest about those issues, and we need  
5 to address 'em, and we need to make the  
6 appropriate adjustments in the work rules that  
7 will facilitate that.

8 COUNCIL MEMBER CHIN: So, how do  
9 you kind of follow this model of success and  
10 continue to move ahead? I mean, what's holding--

11 JOHN RHEA: Well, some of it, some  
12 of it, some of it is certainly funding. So, I  
13 want to again reiterate our appreciation to the  
14 Council for stepping up with, as we refer to it, a  
15 down payment on a \$10 million contribution to  
16 accelerating not only the work order taskforce,  
17 but in doing it with employing residents directly,  
18 through this caretaker M [phonetic] title. We're  
19 very excited about that, it's not only getting  
20 residents who are either underemployed or  
21 unemployed into employment, but also into long  
22 term, stable employment that's union jobs; as  
23 opposed to, you know, a temporary assignment with  
24 a contractor, it's a fulltime job. Obviously the  
25 more funding we have, we can accelerate our work

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2 order taskforce and we can certainly accelerate it  
3 with, with NYCHA residents. But that's one aspect  
4 of it. The financing. The other aspect of it is  
5 flexibility around the work rules. I mean, right  
6 now, we could rebalance a lot of the maintenance  
7 and repair work that we do, if we had certain  
8 flexibility around work rules. Examples would be,  
9 you know, the days we work, the hours that we  
10 work, when overtime kicks in, when it doesn't.  
11 There's a whole host of things that actually lead  
12 us to having inefficient, highly expensive  
13 delivery system, that is just not common sense.  
14 And we need people to sit down at the table and  
15 look at our financial realities and look at the  
16 impact on the customer and to come up with a  
17 balanced solution to the problem. It's not, you  
18 know, only one side that has to give on this  
19 issue, we need to be smarter as a management team,  
20 and we need our workforce to be more flexible, and  
21 we need residents to be more flexible. For  
22 example, today, we can't get into a resident's  
23 apartment unless they're home. Many people think,  
24 "Well, you know, that's understandable," but in  
25 the building I live in, whether I'm home or not,

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2 if they need to get in to make repairs, they get  
3 in to my apartment. And I'm not necessarily  
4 advocating that we should change that wholesale.  
5 Maybe there's some residents who want to allow us  
6 access. We have to think about the liability on  
7 the Authority. But at the same time, a lot of  
8 things become barriers to common sense  
9 improvements that I think this organization needs  
10 to address.

11 COUNCIL MEMBER CHIN: Yes, but  
12 [laughs] you, I mean, you did the 40,000 repairs,  
13 so you have overcome a lot of that, right? So,  
14 I'm just asking for like continuation--

15 CHAIRPERSON MENDEZ: Can--

16 JOHN RHEA: So, let me put it in--

17 CHAIRPERSON MENDEZ: Can I--

18 JOHN RHEA: --let me put it in  
19 perspective--

20 CHAIRPERSON MENDEZ: Can I ask a  
21 question?

22 JOHN RHEA: --there's probably  
23 close to a million--

24 CHAIRPERSON MENDEZ: Mr. Chairman?

25 JOHN RHEA: --outstanding--

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2 CHAIRPERSON MENDEZ: Can I ask the  
3 question that I think may facilitate this?

4 JOHN RHEA: Yes.

5 CHAIRPERSON MENDEZ: You've done  
6 40,000 repairs. How many can you, are documented,  
7 that are still outstanding? And of these 40,000,  
8 how many developments is it in? And how many more  
9 developments do we need to get into?

10 JOHN RHEA: So, the 40,000,  
11 although impressive, in its absolute number on a  
12 relative basis, it's a drop in the bucket. You  
13 know, I will tell you, we have something north of  
14 a half a million outstanding work orders.

15 CHAIRPERSON MENDEZ: Thank you.

16 JOHN RHEA: And, and we're not  
17 going to be able to just get it through the Work  
18 Order Taskforce alone. The Work Order Taskforce  
19 is a critical component. But it also only deals  
20 with some of the interior repair issues, and in  
21 many cases, right, it is not the process by which  
22 we will deal with many of the systems, the roofs,  
23 the bricks, that are compromised, that also  
24 continue to create issues within residents'  
25 apartments. That can't be done through the Work

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Order Taskforce, we need to do that through some other mechanisms. So, again, I'm not belittling the Work Order Taskforce, I think it's an example of being creative and innovative, and being focused.

CHAIRPERSON MENDEZ: So, if you could just repeat that for the record, the 40,000 is 40,000 of approximately 500 million.

JOHN RHEA: No, 500--no, no.

[laughter]

CHAIRPERSON MENDEZ: 500 thousand.

JOHN RHEA: Somewhere north of 500,000.

CHAIRPERSON MENDEZ: I've been in some apartments, I think it might be 500 million, but it's all right. 500,000. And--

JOHN RHEA: We have, we have desire to, you know, downplay--

CHAIRPERSON MENDEZ: Right.

JOHN RHEA: --the sheer size of the issue.

CHAIRPERSON MENDEZ: And just to give us a sense, it takes our \$10 million that we're going to kick in this year from the City

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Council, will get us how many work orders done?

JOHN RHEA: [background comment]

Over 100,000. And, and now remember, this is not a, unfortunately, it's not a static model, right, so you know, work order come on, you know, the, the system, as we take them off, the 21 developments that you mentioned that had about 200 buildings in it, we've done over 10,000 units, right, in those buildings, as well. So, again, that was because of the federalization - - although we were able to do those. That wasn't part of the Work Order Taskforce. But some of what we learned in how we were performing the repairs, through the work of the federalization, was then modified and then led to the design of the Work Order Taskforce. So, again, this is an area where, yeah, I just want to put it out there, we need the Council's support, we need elected official support, I mentioned that there does take political will on all sides, you know, this is an issue that we have to negotiate and engage labor around. Right, there are real, there are real impediments to us being able to serve our customers better. And again, these aren't things

1  
2 that we identified sitting in an ivory tower,  
3 these are things that are frontline employees  
4 identified for us as real impediments to better  
5 serving our customers.

6 COUNCIL MEMBER CHIN: And I think  
7 that's really important, in terms of repair, among  
8 the confidence among NYCHA residents. I mean,  
9 that's the biggest issues that we hear all the  
10 time. It's like repairs taking a long time, why  
11 couldn't you do this and do this? So, I think to  
12 really gain back the trust of the resident, this  
13 is a key issue. I think the Council would, would  
14 love to work with you, to try to help, you know,  
15 resolve this thing so we can get the repairs done,  
16 as quickly as possible. The last question that I,  
17 I wanted to focus on with this whole rental  
18 equity, in terms of like getting residents to pay  
19 30 percent of the income and, and the whole thing  
20 about getting rid of the rent, rent ceiling, I  
21 mean, I, 'cause I know that when people apply for  
22 public housing, the people that, I mean, they're--  
23 automatically, they know that they have to pay 30  
24 percent of their income.

25 JOHN RHEA: So, can I clarify a

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couple of things.

COUNCIL MEMBER CHIN: Yeah, okay.

JOHN RHEA: We're not proposing to get rid of the rent ceiling. What we're proposing is that our rent ceiling now be arbitrary and artificially set. That the rent ceiling be set consistent with fair market rents. As opposed to the day where, you know, again, no negative commentary on anybody, it was done for a whole set of reasons, but it does not have alignment with reality around fair market rent. So it's an artificial rent ceiling. Point one. Point two, we are advocating equity. We're not suggesting that we do something that's unfair to a certain group of people. We're saying if the intent and the standard is for 30 percent of your income to go towards your rent, just because your income rises, your obligation to pay 30 percent of your income toward your rent, up to the rent ceiling, shouldn't be waived. We have a responsibility to not have a regressive system. We have the poorest amongst our residents paying 30 percent of their income toward the their rent, and then we have those who are better off paying 18, 19, 20, 22

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2 percent of their income toward their rent, up to  
3 the rent ceiling. Obviously, once you hit a rent  
4 ceiling, if your income continues to rise and  
5 therefore the percentage you pay goes down, that's  
6 fine. But at least at that point, you're paying  
7 fair market rent for your NYCHA. Unit. And that's  
8 what we're focused on: equity and not having a  
9 regressive system, and ensuring that the fair  
10 market rents reflect the rent ceilings. And that  
11 we're not charging families any more than their  
12 capacity to pay, which is 30 percent of their  
13 income.

14 COUNCIL MEMBER CHIN: Okay. yeah,  
15 I, yeah, I think we kind of like, just want to  
16 make sure that people are paying what they're  
17 supposed to pay, because NYCHA needs the income.  
18 But also I think that in some instance, if you do  
19 have families who spend a lot of money on medical  
20 costs or certain circumstances, that I don't know  
21 if that also get taken into consideration, in  
22 terms of their rent, or it's just straight 30  
23 percent.

24 JOHN RHEA: What I'm saying is, the  
25 inequity in our rent system has no correlation to

1  
2 what you just said. Right? So, you know, a, you  
3 know, a single mother, you know, earning \$18,000,  
4 you know, who's paying 30 percent of her income  
5 toward her rent, that may have, you know,  
6 healthcare cost issues, a disabled child or  
7 whatever, right, that doesn't go into the  
8 calculation. Yet someone who's making \$70,000 is  
9 paying, you know, 20 percent of their income  
10 toward their rent, and they may not have any  
11 medical requirements. So, I understand your  
12 point. What I'm getting at is that's not what the  
13 issue is. Right? And there are, you know,  
14 disallowances and other things that get  
15 calculated, and obviously some families have, you  
16 know, SSI and other things when they have  
17 disabilities. What we're talking about is just a  
18 fundamental issue around equity, as it relates to  
19 higher income residents not paying 30 percent of  
20 their income toward their rent, because NYCHA  
21 created artificial income ceilings.

22 COUNCIL MEMBER CHIN: No,  
23 definitely, we, I, I mean, I agree with you in  
24 terms of making sure people pay the amount that  
25 they're supposed to pay, especially if they're

1  
2 making more money, they should pay more, 'cause  
3 NYCHA needs the income. And relating to that, is  
4 that I heard you earlier in terms of the property  
5 that NYCHA has, that I think we should make the  
6 greatest effort to make sure that those properties  
7 are used to develop senior housing, low income  
8 housing, affordable housing, based on the number  
9 of people on waiting lists. So in terms of like  
10 market rate housing, I mean, that should not  
11 really be a major part of what NYCHA land should  
12 be used for. Unless it's--

13                   JOHN RHEA: So, I would, I'd like  
14 to respond. I think it's important that I respond  
15 to that. We are going to remain open to some  
16 level of market rate development if it makes  
17 sense. And let me clarify my comment. NYCHA's  
18 principal mission is to provide affordable housing  
19 to low income families, low and moderate income  
20 families. We have no desire to move away from  
21 that mission. And as we've said in the Plan, our  
22 goal is to principally use our land to develop  
23 additional low income and moderate income housing  
24 to support that mission. In some cases, a couple  
25 of things. We still would like, and we believe

1  
2 it's prudent, to encourage mixed income  
3 communities. In case of raising the rents on  
4 higher income residents, one of the things that  
5 we've heard from some advocate groups is that  
6 might lead to pushing out more higher income  
7 residents, which would lead to more concentrated  
8 of poverty "potentially." Well, one of our goals  
9 would be to create market rate housing on our  
10 sites, so maybe those families who say, "Well,  
11 wait a minute, if I'm going to pay \$2,000 a month  
12 or whatever it is, I'd rather move, I would like  
13 to stay in this community, but you've actually  
14 facilitated a way for me to move into a market  
15 rate unit on NYCHA property, and maintain a  
16 presence in that community. That's an example of  
17 where market rate can serve more than just the  
18 purpose of building market rate housing, it keeps  
19 the integrity of mixed use, mixed income  
20 communities intact. Secondly, many times the  
21 production of market rate housing creates funding  
22 to build more low and moderate income housing. As  
23 Vice Chair Youssouf pointed out, we need new  
24 sources of funding in order to drive the  
25 production of that affordable housing. HUD is not

1  
2 providing us with any dollars to build new public  
3 housing. Therefore, the model is you have to find  
4 ways to have tax credits and other sources to  
5 subsidize low income housing. And so, we have to  
6 pursue that in some cases, as an option, as well.

7           EMILY YOUSOUF: And I will say  
8 that mixed, the mixed income housing has been  
9 proven to work really well, and it's, it goes all  
10 the way back to when Congressman Rangel started  
11 the 80/20 program, which there was a lot of  
12 construction in New York. Now there are a variety  
13 of programs offered, 50/30/20, where 50 percent  
14 market, then you have middle income, then 20  
15 percent for the lowest. So there are a number of  
16 opportunities to get the additional funds that  
17 could help NYCHA as far as doing repairs in a  
18 project, by having building some mixed income  
19 units on property that is available. There's a  
20 slew of different fundings available and we're  
21 looking, you know, all of them, and what's going  
22 to most benefit the current residents, as well as  
23 generate funds for us to carry on the much needed  
24 repairs.

25           COUNCIL MEMBER CHIN: I think what

1  
2 that is, that you just have to look at specific  
3 complexes. A lot of the public housing complex  
4 right now, we're surrounded by, you know, housing  
5 that are very expensive. So you already in a  
6 mixed income neighborhood. So we have to do  
7 everything that we can to preserve the low income  
8 housing, affordable housing, that we have. I  
9 mean, NYCHA is the only--

10 JOHN RHEA: I believe--Council  
11 Member--

12 COUNCIL MEMBER CHIN: --housing  
13 that says pay 30 percent of your income.

14 JOHN RHEA: Council Member--

15 COUNCIL MEMBER CHIN: Yeah.

16 JOHN RHEA: --we agree, but we just  
17 want to be clear, right, we've got 180,000 units  
18 that are at risk. Right? So, if someone says to  
19 me, "I can generate \$X million by the production  
20 of some market rate housing, which will go to  
21 completely preserve and rehab my existing NYCHA  
22 units, in many case, cases, that is a prudent  
23 tradeoff. Right? Instead of building new  
24 affordable housing while the \$180,000 are actually  
25 year after year becoming less and less capable of

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supporting families.

COUNCIL MEMBER CHIN: I think we have to really look at specific case before I would agree to have a tradeoff. I mean, it's not, you know, it's really depends on what kind of housing is going to be developed. So, I think that's another discussion, you know, when, when some real project comes, I hope that at that time, you would, you know - -

JOHN RHEA: Well, they already have come. We are building a moderate income housing unit Elliott Chelsea houses, in the Speaker's district, which is, which was not, I mean, the community spoke loud and clear that, you know, their preference was not just additional low income housing in that community. And so--

COUNCIL MEMBER CHIN: Yeah, you're talking about modern units, you're not talking about--Yeah.

JOHN RHEA: But it's not, but I'm saying, a moderate unit is not a low income unit.

COUNCIL MEMBER CHIN: Yeah, that's fine.

JOHN RHEA: And, and it's

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available--

COUNCIL MEMBER CHIN: But when  
you're talking about--

JOHN RHEA: And it's available--

COUNCIL MEMBER CHIN: --market  
rate--

JOHN RHEA: --and when you're  
talking--

COUNCIL MEMBER CHIN: I mean--

JOHN RHEA: Well, many cases it  
does go up to market rate in the moderate income.  
So, so, you know, I think we really have to, as  
you said, not only look at the specifics of the  
project, right, but what we're saying in the Plan,  
and this is why we want to be very transparent in  
the Plan, right, the Plan isn't that we have  
already identified the 25 sites citywide that we  
plan to build market rate housing. What we're  
saying is, we have to have that as a tool in our  
arsenal in cases that it makes sense. Where, when  
you look at the value we create, to preserve  
existing housing, and to support the production of  
new senior housing or you name it, we may lose 200  
units here, and be able to support and build 400

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2 units somewhere else, we think in many cases that  
3 will be a prudent decision. But as you said, it  
4 will be site by site, thoughtfully discussed,  
5 engaged with the community, and a decision will be  
6 made at that time. Not as if we've already picked  
7 the 25 places and we're just sharing them with  
8 you.

9 COUNCIL MEMBER CHIN: Okay.

10 EMILY YOUSOUF: If I could, you  
11 know, just add to that, I hope I was clear before,  
12 because a lot of the mixed income we're talking  
13 about, it's market rate, moderate income, and  
14 perhaps, you know, lower income, in cone building.  
15 And that's the that seems to work the best. So  
16 like, you know, the 80/20 or the 50/30/20, is  
17 something that really works and, you know,  
18 incredibly well.

19 COUNCIL MEMBER CHIN: I mean, a lot  
20 of the 80/20s, you know, we had to now to fight to  
21 make sure that they stay permanently affordable.  
22 So, I mean, there--we just got to make sure that  
23 we don't forget about, you know, the purpose in  
24 terms of maintaining affordable housing.

25 JOHN RHEA: I think that fight,

1  
2 just again, in all fairness, Council Member Chin,  
3 we don't, we're not at odds with your underlying  
4 points. But in all fairness, we have to have that  
5 same fight with low income housing that's  
6 developed, to ensure that it actually remains  
7 permanently affordable, because most of the low  
8 income housing that's been built in the City is  
9 not necessarily, doesn't have permanent  
10 affordability requirements. And so, the issue  
11 that you're describing is one we have to be  
12 vigilant around, whether it's, you know, an 80/20  
13 or whether it's, it's all affordable. And so,  
14 that's an issue that we, we've addressed very  
15 recently, in the project that we're doing in  
16 Council Member Melissa Mark-Viverito's district,  
17 where we're building about 100 units of new  
18 housing along with Harlem RBI's school. In that  
19 development deal, we have the right as NYCHA, at  
20 the end of the tax period, which is, they have to  
21 remain affordable during the tax period, and at  
22 the end of that tax period, NYCHA has the right to  
23 exercise an option to gain control of it, and to  
24 ensure permanent long term affordability. So  
25 there are mechanisms that we can create in all of

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2 these transactions, to take into consideration  
3 your concerns.

4 COUNCIL MEMBER CHIN: Okay, thank  
5 you.

6 CHAIRPERSON MENDEZ: Before I turn  
7 it over to Council Member Brewer, and who will be  
8 following by Council Member Melissa Mark-Viverito.  
9 On the issue of the ceiling rent being set with  
10 fair market values, what kind of notices are being  
11 sent to the tenants about increases and how much  
12 notice will be given before implementation? I'm  
13 assuming it will correlate when, whenever they  
14 recertify.

15 JOHN RHEA: Right, so, the Board  
16 has done, along with, obviously, with the, at the  
17 direction of the management team, with the support  
18 of the management team, a lot of work around  
19 specifically how many families are affected, where  
20 are they, what would be the nature of the rent  
21 increase that would impact them, and what's a  
22 reasonable period of time in which to phase that  
23 rent increase, in which to, in which to phase in  
24 the rent increase. So, we will be very  
25 transparent and we will telegraph this with a lot

1 of communication long before implementation.

2

3 Second point is that we've been very clear that we

4 would like the rental increases to benefit New

5 Yorkers and NYCHA residents, and not to

6 necessarily go back to Washington. Therefore,

7 certain flexibility needs to be built into the way

8 our funding formula works today. And so we've

9 been working to ensure that NYCHA can avail itself

10 to certain aspects of MTW, which I mentioned in my

11 prepared remarks. And the relevancy there is that

12 to the extent that we have MTW, we would much more

13 benefit, we would benefit much more locally from

14 any rent increases staying with NYCHA as opposed

15 to large portion of those rent increases going

16 back to Washington and them just offsetting it

17 against our subsidy. And so, we need that

18 flexibility, other large housing authorities

19 across the country have that flexibility built

20 into their MTW program, where their funding

21 subsidy is fixed. And what they do locally to

22 "help themselves" remains locally in order to

23 invest in their buildings, invest in their

24 residents. And so, the Board has been very clear

25 about being cautious on how we move forward on the

1  
2 implementation, because obviously we want to do it  
3 in a way in which it benefits New Yorkers as  
4 opposed to just having a higher rent burden that  
5 then just goes back to Washington for the benefit  
6 of some other State.

7 CHAIRPERSON MENDEZ: And you said  
8 there would be lots of communication. What kind  
9 of notice will be given? And have you started to,  
10 I mean, is anything going into effect now?

11 JOHN RHEA: I think we've already  
12 started communicating about being very transparent  
13 in Plan NYCHA, that this is a, an initiative we  
14 need to undertake, by helping people understand  
15 what is the nature of the issue, what kinds of  
16 plan, what kinds of actions is NYCHA planning to  
17 undertake in order to solve it. And so we believe  
18 we've actually given a lot of runway on this,  
19 because we certainly are not in a position where  
20 we're going to be rolling this out, you know,  
21 until - -

22 CHAIRPERSON MENDEZ: What kind of  
23 individual communication has there been with  
24 someone who's rent may be going up 'cause they're  
25 not at 30 percent?

1  
2 JOHN RHEA: There hasn't been  
3 individual communication because we are not  
4 pulling the trigger on this in the next six  
5 months.

6 CHAIRPERSON MENDEZ: Okay.

7 JOHN RHEA: And so we will have  
8 plenty of runway to reach out to families, let  
9 them know they're impacted. What we have said  
10 again through Plan NYCHA, is that to the extent  
11 that you are currently paying less than 30 percent  
12 of your income towards your rent, you should  
13 recognize that you are a family that will be  
14 affected by this.

15 CHAIRPERSON MENDEZ: Thank you very  
16 much. We have lots more questions on Moving to  
17 Work, but I am turning over questioning to Council  
18 Member Brewer, to be followed by Council Member  
19 Melissa Mark-Viverito.

20 COUNCIL MEMBER BREWER: I was at  
21 Technology Committee, so I'm not on this  
22 Committee, but you know, I do care about--I know  
23 you're trying, but it does--Of the 180,000 units,  
24 how many--people always complain and maybe they're  
25 wrong, but what's your vacancy rate that's not

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504?

JOHN RHEA: [pause] Less than three percent.

COUNCIL MEMBER BREWER: Less than three percent. So, in other words, when the tenants complain that there's an empty apartment and nobody's renting it, it's really, that percent is just very low, is what you're saying.

JOHN RHEA: That's correct and we--

COUNCIL MEMBER BREWER: 'Cause they always complain, and then I say, "Maybe it's 504." Do you like keep clear for the tenant leadership what's 504 and what's not? Or could we in the future?

JOHN RHEA: Sure. We, we, absolutely.

COUNCIL MEMBER BREWER: That's a constant complaint, you know, we're always thinking, we always want NYCHA to get income. And then it takes time, you move out, it has to be cleaned and fixed and so on, but with all due respect, some units seem like they stay vacant for a long time, and I don't know, maybe they're 504, I don't want to comment, 'cause I don't know.

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But--

JOHN RHEA: So, I think there--

COUNCIL MEMBER BREWER: --that  
would be a helpful communication.

JOHN RHEA: We can provide you with  
that. And again, there are a number of issues,  
and we're looking at this.

COUNCIL MEMBER BREWER: 'Cause it  
takes a long time to fix it up.

JOHN RHEA: Right, but I just  
wanted--there are other issues, right? Meaning,  
we have apartments that have been offline for  
administrative purposes, we are taking a hard look  
at every single one of those units. And asking  
ourselves: "Can that work be done somewhere else?  
And can we get that apartment back on the rent  
rolls?" 'Cause there's, if you look at--

COUNCIL MEMBER BREWER: That's the  
issue.

JOHN RHEA: Right, so if you look  
at, you know, there's a, there's a percentage of  
our apartments that are off the rent rolls  
permanently because they're being used for  
administrative purposes, whether it be--

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COUNCIL MEMBER BREWER: What is administrative purposes? Cops?

JOHN RHEA: It could be something with the NYPD, it could be--

COUNCIL MEMBER BREWER: Cops.

JOHN RHEA: --to provide--or it could be, not just cops, I don't want this to become a--

COUNCIL MEMBER BREWER: Okay.

Okay.

JOHN RHEA: --NYCHA versus cops or anything, 'cause that's just one of the uses. Other uses are tenant associations don't have a place to actually have an office, and in cases--

COUNCIL MEMBER BREWER: Okay.

JOHN RHEA: --we've turned an apartment into an administrative--

COUNCIL MEMBER BREWER: I just think if you make it clear to people, then you wouldn't have this image that you're holding a whole bunch of apartments and they're not getting, you don't have - -

JOHN RHEA: [interposing] And then, and then the last one, though, which is important,

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and I'd be remiss if I didn't say this, there are apartments that are offline because they have fundamental maintenance issues.

COUNCIL MEMBER BREWER: Right, no I agree with that.

JOHN RHEA: And it's not about painting and spackling--

COUNCIL MEMBER BREWER: Right.

JOHN RHEA: --and putting a bathroom--

COUNCIL MEMBER BREWER: It's more serious.

JOHN RHEA: It's more serious.

COUNCIL MEMBER BREWER: All right, but I'm just saying, if you could communicate that to resident leaders, then that would be helpful for everybody, 'cause nobody really knows. Number two, are you going to get to the Chair a listing of what the legal challenges are, and maybe you did this earlier, in terms of, you call, I call it downsizing, you call it right sizing, I learned that. Right sizing for the apartments. In other words, you said there are legal challenges, and I'm sure there are, so that we can't just take

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2 Margaret Chin's older esteemed resident and switch  
3 it with the family. What, can you, is that like  
4 something that is federal, state, city? What, can  
5 you get us that list, so we know what they are?  
6 'Cause if I was in charge, I would just do it, but  
7 I'm not--

8 JOHN RHEA: Well, right, so I can't  
9 provide, we can't provide you with a list of the  
10 individuals because we--

11 COUNCIL MEMBER BREWER: No, no, no,  
12 I'm talking about the legal challenges to doing  
13 it.

14 JOHN RHEA: Oh, sure, we can.

15 COUNCIL MEMBER BREWER: To doing  
16 the policy challenges that have to be met in  
17 order--No, no, not the names--

18 JOHN RHEA: Sure, we can, I'm  
19 sorry.

20 COUNCIL MEMBER BREWER: --but the  
21 policy challenges.

22 JOHN RHEA: Sure, we can.

23 COUNCIL MEMBER BREWER: Okay. That  
24 would be helpful. This, I don't, I know I need  
25 more discussion and offline about this fair market

1  
2 rent, because in Manhattan, fair market rent is  
3 the most frightening three words to anybody who  
4 lives here. I mean, you just, it just sends the  
5 shivers down you. I mean, fair market rent in,  
6 for two bedrooms at the Bel Norte is \$25,000 a  
7 month, just to give you an example.

8 JOHN RHEA: But if you, if you have  
9 the--

10 COUNCIL MEMBER BREWER: But what  
11 does that mean in our neighborhoods in Manhattan?

12 JOHN RHEA: But the most important  
13 piece of this, and I'll pass it over to Vice  
14 Chair, but the most important piece is to remember  
15 we're not proposing anyone pay more than 30  
16 percent of their income toward their rent. Right,  
17 so,

18 COUNCIL MEMBER BREWER: Based on  
19 what?

20 JOHN RHEA: Based on their income.

21 COUNCIL MEMBER BREWER: Okay, but--

22 JOHN RHEA: And so, the FMR piece,  
23 it, you know, if your income only allows you to  
24 pay \$800, and the FMR is \$25,000, doesn't really  
25 matter, right, because your income says you can't

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pay more than 30 percent--

COUNCIL MEMBER BREWER: Right.

JOHN RHEA: The rules say you can't pay more than 30 percent income towards the rent. So, you'll pay the \$800. The issue becomes, as people have escalating income--

COUNCIL MEMBER BREWER: Mm-hmm.

JOHN RHEA: Right, if you don't have the ceiling fixed to the FMR, then that you basically over subsidizing a family.

COUNCIL MEMBER BREWER: And, I understand, there's FMR based on the neighborhood. Who decide--what I'm trying to find out, who decides the MF--F--

EMILY YOUSOUF: HUD publishes F--FMRs. And they do it by borough breakdown, and they can. So, for instance, there's no FMR that HUD publishes that's \$25,000 a month. It'll be, you know, we can get you the latest, 'cause they, they do it.

COUNCIL MEMBER BREWER: No, I know, but it's still high.

EMILY YOUSOUF: It's not, I mean, actually, they are not, you know, as high as, you

1  
2 know, you would think. And again, that's only the  
3 cap, that is the, you know, that's, that's the  
4 top. There are very few NYCHA residents who are,  
5 their 30 percent of their income would mean that  
6 they would have to be paying actually the FMR.  
7 But you need to set a limit across--

8 COUNCIL MEMBER BREWER: Okay, I  
9 mean, that's further discussion, I don't want to  
10 take time. Next, I do not want, I'm going to be  
11 honest with you, I really don't want market on  
12 NYCHA land. Luckily the project at Harbor View  
13 is, I think, not happening, and we'll look at  
14 other projects. But let me give you moving out.  
15 Say for instance you're a family, you move up in  
16 your income, you want to move, as you suggest,  
17 nearby. Lease in Manhattan, the fair market rent  
18 is really high, and you can't necessarily go from  
19 your \$70,000 or \$80,000 income to a fair market,  
20 it's too high. Now, you could argue that it could  
21 be middle income and low income, but I'm just  
22 saying that word "market rent" in Manhattan, is  
23 really a scary term. And I think it's too high.  
24 We couldn't see families moving from Harbor View  
25 to the proposal that was there that was in some

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cases market rent. I'm just going to argue that forever.

JOHN RHEA: It's fine, I'm not, again, I'm not here to win an argument. I just would suggest that we can walk and chew bubble gum at the same time. These aren't kind of binary choices. We have the ability to do low income, we have the ability to do moderate income, and we have the ability to do market rate.

COUNCIL MEMBER BREWER: I would just--they were the first two--

JOHN RHEA: And I think we should keep our options open.

COUNCIL MEMBER BREWER: Okay--

JOHN RHEA: And, also, that to your example you gave, about someone moving out, we want families to have the choice.

COUNCIL MEMBER BREWER: I understand that--

JOHN RHEA: So, what we're saying is--

COUNCIL MEMBER BREWER: --but they're not going to be able to afford--

JOHN RHEA: No, what I was saying

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is, just let me finish this, Council Member.

COUNCIL MEMBER BREWER: Go ahead.

JOHN RHEA: Which means that's fine, then they should remain in NYCHA and they should pay 30 percent of their income toward their rent. But we want families to have a choice to say, "Well, if I'm paying X and I have an option to pay X somewhere else, I can stay or I can leave."

COUNCIL MEMBER BREWER: Okay, but all I'm saying is, we have so much market rate in Manhattan now, that we won't have any affordable housing left, and we'll have, you know, the old adage of the poor and the rich and nobody in between. I'm not, it just--PACE, P-A-C-E, I learned about it this morning, at a nursing home meeting. My understanding is the federal government, you know more than I, now has \$7,000 per senior available, for every senior, if there is a PACE program. I have no idea what it was this--until this morning, but you might know. Basically, it means "stay at home." And if there is some kind of a medical facility, some kind of program, then each senior and each nonprofit

1  
2 working with them, gets \$7,000 per senior. It's a  
3 brand new program, the Catholic Church is, has  
4 taken it in full force and is building programs  
5 across the City, because they do have a lot of  
6 nursing homes, and they're moving into this  
7 community kind of nursing. I just was wondering  
8 if you were aware of it, and is that something  
9 that NYCHA's looking at? Because the whole  
10 concept of course is you keep people out of the  
11 hospital, and you take a risk, stating we're going  
12 to keep them in their home, and we're going to try  
13 to make sure that they do, and we hope we don't  
14 end up with a hospital visit.

15                   EMILY YOUSOUF: We are aware of  
16 it, and we are, you know, taking a serious look  
17 about how much money is actually available,  
18 because--

19                   COUNCIL MEMBER BREWER: \$7,000 per  
20 year per senior.

21                   EMILY YOUSOUF: But it's not for  
22 every single senior out there, there is a series  
23 of requirements that have to be met. And we are  
24 looking at it, and we're also in discussions with  
25 the Health and Hospital Corporation, which is

1  
2 looking at trying to increase their use of that,  
3 through the various, you know, everything is going  
4 to be based on community based health now.

5 COUNCIL MEMBER BREWER: Right, yep.

6 EMILY YOUSOUF: And as they are  
7 moving their system and most of the members of  
8 Metro Plus, which is Health and Hospital  
9 Corporation's insurance system, actually happen to  
10 be NYCHA residents. So, in working in conjunction  
11 with them, we're hoping to access as much of that  
12 as possible.

13 JOHN RHEA: So, very complex  
14 funding stream. You know, U.S. Department of  
15 Health and Human Services, not HUD, was one of the  
16 things we talked about a little bit before you  
17 came here.

18 COUNCIL MEMBER BREWER: Sorry, I'm  
19 sorry.

20 JOHN RHEA: How can dollars follow  
21 the person.

22 COUNCIL MEMBER BREWER: That's what  
23 I was hoping, yeah.

24 JOHN RHEA: And one of the  
25 requirements, though, is you have be named what

1  
2 they call a FQHC, which is a federally qualified  
3 health center.

4 COUNCIL MEMBER BREWER: Right,  
5 like the Ryan Health Center, the Ryan Health  
6 Center

7 JOHN RHEA: Right, and you know,  
8 we're arguing, and we want to argue, that in many  
9 cases, you know, we need to find ways to ensure  
10 that NYCHA qualifies under these programs.

11 COUNCIL MEMBER BREWER: Right.

12 JOHN RHEA: Today, we don't. And  
13 there's a lot of work with partners as the Vice  
14 Chair said, with organizations like HHC that could  
15 help us get there, but it will require quite a bit  
16 of work, not only on our part, to figure out how  
17 to harmonize these funding streams, but advocacy  
18 from each of you, to say, "Hey, well wait a  
19 minute," right, "these seniors who need these  
20 services live in NYCHA, why aren't the dollars  
21 following the patient?"

22 COUNCIL MEMBER BREWER: Right, I'm  
23 with you 100 percent, I just wanted to bring it up  
24 'cause that extra \$7,000 per every senior would be  
25 helpful, I would think. Right, okay, and then

1  
2 just finally, is there an overlay of where there's  
3 right sizing, downsizing situation? And the mixed  
4 financing? In other words, are, is there any way  
5 of knowing if most of your large apartments, small  
6 apartment issues are in these, where the new  
7 federal funding mixed financing, which you have so  
8 brilliantly put together? Or is it just across  
9 the board, and there's no way of really knowing--

10 JOHN RHEA: No, but we know where  
11 it is. But it's a citywide issue.

12 COUNCIL MEMBER BREWER: Citywide  
13 issue.

14 JOHN RHEA: It's a real citywide  
15 issue.

16 COUNCIL MEMBER BREWER: So there's  
17 no--'cause I, 'cause you have done a good job, I  
18 want to be clear, it's nice to say something nice  
19 once in a while to NYCHA.

20 JOHN RHEA: Thank you.

21 COUNCIL MEMBER BREWER: Is it  
22 [laughter] is it where you have the mixed  
23 financing, or whatever the actual program, I call  
24 it the John Rhea Program, but whatever it's  
25 called--

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JOHN RHEA: [laughs] No, it's far from that.

COUNCIL MEMBER BREWER: Well, anyway, it's, the people are being very responsive and things are getting done that have never been done for 20 or 30 years. So, I appreciate that.

JOHN RHEA: It is a citywide challenge.

COUNCIL MEMBER BREWER: And of course having Victor Gonzalez there is a real key to your success. Thank you.

JOHN RHEA: That I agree with.

CHAIRPERSON MENDEZ: Melissa?

COUNCIL MEMBER MARK-VIVERITO:  
Thank you, Madam Chair. As a, I just had a--I wanted to get on some of the, these financing questions, 'cause they are complicated. But I do want to, you know, add my voice to what's been previously said, 'cause I know I've indicated over the years about the sale of NYCHA property and the need for continued affordable housing. And not to look at the market rate, but that's I think something that's across the board in our sentiment here. So, on this financing aspect, there's

1  
2 different elements of it, and I just want greater  
3 clarity on some of them. First it was, you know,  
4 that was touched on, was about the bond sales that  
5 happened in 2005. So, one is whether any, is  
6 there any lingering debt with regards to that?  
7 Anything that still needs to be paid off. And  
8 whether this second round, 'cause you're looking  
9 at that as another option, is it, are you looking  
10 to do it the same way that you did it before, if  
11 you could just describe a little bit of the  
12 details about that.

13                   EMILY YOUSOUF: The, the bond that  
14 was done in 2005 is one that HUD still allows, and  
15 we have the ability to do, that was Bond A, we  
16 have the ability to do Bond B. What it does is  
17 it, you are pledging, you were getting funds now,  
18 to do rehabilitation based on a percentage of your  
19 future capital funds coming from the federal  
20 government. So it's a very, you know, delicate  
21 balance about how much of those funds do you want  
22 to walk up to get rehab money today? And so we're  
23 in the process actually of going through the  
24 amount of work that needs to be done at each  
25 development, how much we can comfortably borrow,

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2 that isn't going to impact our annual amount of  
3 capital funds coming in. And so, that's what  
4 we're working through. Rec--

5 COUNCIL MEMBER MARK-VIVERITO:

6 Great, so when is that, when is that capital needs  
7 assessment going to be completed?

8 EMILY YOUSOUF: It's under, it's  
9 in process now, we've been getting pieces back,  
10 and I would day by March.

11 COUNCIL MEMBER MARK-VIVERITO: And  
12 so, obviously, looking at how you did the  
13 transaction in 2005, as an example, that can help  
14 you inform how you're going to do this second  
15 batch, like where are you with the 2005  
16 transaction?

17 EMILY YOUSOUF: The 2005  
18 transaction, you know, there were bonds issued  
19 long term bonds.

20 COUNCIL MEMBER MARK-VIVERITO:  
21 Right.

22 EMILY YOUSOUF: So they're being  
23 paid off following, you know, a schedule. They,  
24 there's not an intention right now to do anything  
25 but to follow that schedule, the funds came in,

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2 the funds have been expended. And so now we need  
3 additional funds to do some of the initial--

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COUNCIL MEMBER MARK-VIVERITO:

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Understood, but how much longer do you have for  
6 that 2005 bond sale to pay back?

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EMILY YOUSOUF: I think it was, it

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was a 20 year, 20 year initially, so--

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COUNCIL MEMBER MARK-VIVERITO: And

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you're keeping to that schedule, you're not moving  
11 it for further--you're not going, jumping ahead  
12 and trying to complete it, if you can - -

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EMILY YOUSOUF: [interposing] No,

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I mean, one of the problems is when you sell long

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term fixed rate, you know, municipal bond, you

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often have prepayment lockouts, because the buyers

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of it are buying it so they can be assured of a

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fixed income over an extended period of time. And

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that's how you get the best rates. So, prepaying

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it is difficult, and then you need the funds to

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prepay it. And since we can issue so much in

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debt, if the market, you know, in a Bond B, if it

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makes sense, we may increase that amount, that's a

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possibility, to pay off what's there. But I'm not

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sure it makes financial sense. And that analysis

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hasn't been completed.

COUNCIL MEMBER MARK-VIVERITO: And how much was that original sale?

EMILY YOUSOUF: That was \$300 million.

COUNCIL MEMBER MARK-VIVERITO: Do you project the second Bond B to be higher or--

EMILY YOUSOUF: Right now, we're looking between \$300 million and \$500 million.

JOHN RHEA: I would say we're sizing it depending on--we're waiting for the physical needs assessment work to come back. And we're also looking at the capital program that the team is putting together, and what other sources of, of financing capacity we may have. But it will, it will certainly be as large as the last one and more likely than not it will be substantially larger.

COUNCIL MEMBER MARK-VIVERITO: So then, so, and again, I'm not one of these financial analysts or any--I mean, but in terms of understanding what you just said, so the way that you're paying this back is from future capital repairs, money for capital repairs--

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2 JOHN RHEA: So, when I mentioned, I  
3 mentioned--

4 COUNCIL MEMBER MARK-VIVERITO: --  
5 that are going to be--

6 JOHN RHEA: --One second, I  
7 mentioned to you in the testimony, that in 2001,  
8 we received \$410 million and now we received \$270.  
9 So, every year we receive an annual allocation of  
10 capital funds from HUD.

11 COUNCIL MEMBER MARK-VIVERITO:  
12 Correct.

13 JOHN RHEA: And as the Vice Chair  
14 said, only a certain amount of that can be  
15 programmed to pay back debt service on bonds that  
16 you issue, up to a third of it. And so, that  
17 limits the size that you ultimately can do in that  
18 program, and as, as the Vice Chair was saying, we  
19 have more capacity in the \$300-\$500 million, but  
20 that would be a comfortable area certainly for us  
21 to undertake. And then, yes, you are locking up  
22 part of those future grants to pay back debt that  
23 you've taken on.

24 COUNCIL MEMBER MARK-VIVERITO:  
25 Right, and you don't see this creating any sort of

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challenge for NYCHA down the line? I mean--

EMILY YOUSOUF: No, because, I mean, because the, the amount that our coverage was in 2005, is that at that point in time, we were getting enough to cover that debt service almost 20 times. So we took a very small portion. And today, when--well not today literally, but you know, soon, when we do another transaction. We're still going to be taking a very small amount. We could, we could issue a lot more, but then it defeats the purpose, as you rightly just pointed out. So that's why it's a delicate balance to be sure you don't overstress future.

JOHN RHEA: But I, I will say, right, this has really nothing to do with the program itself, like anything else, if funding for public housing continues to be--

COUNCIL MEMBER MARK-VIVERITO: Then you got a problem.

JOHN RHEA: --devastated, and raided, then, you know, any amount of bond issuance is at risk. You know, but the reality is, you can look at it either the, the debt's at risk, or you can look at it at the physical assets

1  
2 are at risk. The bottom line is there has to be a  
3 certain level of capital funding in order for us  
4 to maintain the buildings, whether we put it in  
5 bonds or not.

6 COUNCIL MEMBER MARK-VIVERITO: So,  
7 then, just taking that a little bit further, just  
8 to get understanding, so you're saying that up to  
9 a third of your money, capital, can be issued for  
10 outstanding debt or bond sales, etc. If, let's  
11 say, you know, hopefully we're going to fight for  
12 that not to happen, but if we do get less money at  
13 the federal level, which puts you in a position  
14 that at some point the amount you're using to pay  
15 back this bond and debt service is more than a  
16 third, where does that put you?

17 EMILY YOUSOUF: Well, if I may, we  
18 would never borrow that much because as I said,  
19 you know, in 2005, we were covering our debt  
20 service by 20 times, so it would have to be cut  
21 down so dramatically, that they would cut out--

22 COUNCIL MEMBER MARK-VIVERITO:  
23 Okay.

24 EMILY YOUSOUF: --all capital.  
25 We're going to borrow very--

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COUNCIL MEMBER MARK-VIVERITO:

Conservatively?

EMILY YOUSOUF: --conservatively  
and prudently.

COUNCIL MEMBER MARK-VIVERITO: So  
you don't see that, you know, even if there's--

EMILY YOUSOUF: No.

COUNCIL MEMBER MARK-VIVERITO: --  
cuts that you could find yourself in that  
position.

EMILY YOUSOUF: No. And I think  
that the, the idea of borrowing again now, and  
adding a little more to the debt service, makes a  
lot of sense, 'cause I'm not sure how long HUD  
will even let us do this type of program.

COUNCIL MEMBER MARK-VIVERITO:  
Right.

EMILY YOUSOUF: And so, as long as  
HUD, you know, depending on who's in  
administration next, you know, who--as long as  
they allow you to do something, and you do it on  
the most prudent spectrum of what they allow us to  
do, we think it makes sense to do it 'cause we  
need the money to do the repairs.

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COUNCIL MEMBER MARK-VIVERITO: And

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I mean, I understand that there's also, you know,

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the rationale that the longer you wait to do

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repairs, the more expensive it becomes.

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EMILY YOUSOUF: Exactly.

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COUNCIL MEMBER MARK-VIVERITO: So

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obviously you want to get ahead of--Understood. I

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mean, you know, but I guess it's just about

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potentially what, if any, you know, challenge this

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could pose in the future, but I appreciate the

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response. Then, just quickly, 'cause I'll be

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honest with you, I've heard a lot, and it's been a

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little bit of time since I've delved into the

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Moving to Work issue again, so I just would like a

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little bit more clarity on that, in terms of I

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know that there is an application, it's already

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been submitted. Are you waiting to hear back from

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HUD?

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JOHN RHEA: No, not quite.

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COUNCIL MEMBER MARK-VIVERITO: Not

22

yet, okay.

23

JOHN RHEA: So, there's multiple

24

steps to this process. First and foremost,

25

there's been kind of a butcher history her in the

1 last five years, around Moving to Work expansion.  
2 And there have been multiple bills that were being  
3 drafted, that didn't quite make it to the floor,  
4 in Congress, to expand the Moving to Work program.  
5 There's currently legislation that's being  
6 proposed in the House, that is being, being  
7 negotiated. So the Housing Subcommittee, led by  
8 Congresswoman Biggert, has a piece of legislation  
9 that's being crafted to move forward for Moving to  
10 Work being one component of it. We, locally in  
11 New York, long before I arrived in this role,  
12 there was a round table put together called the -  
13 - Round Table, Section 8 Voucher format  
14 legislation, and which Moving to Work was part of  
15 it. And which a series a stakeholders were at the  
16 table at the direction of Senator Schumer. That  
17 included advocates, public housing resident  
18 leaders, NYCHA management, as well as some staff  
19 from a number of electeds. A lot of work was done  
20 to get to an agreement, between those parties, as  
21 to what form Moving to Work should take in New  
22 York, in order for it to be acceptable, for local  
23 market needs, and protection of residents' rights.  
24 And that's the form of Moving to Work that NYCHA's  
25

1  
2 interested in implementing. And the legislation  
3 is currently being drafted in Washington, we've  
4 spoken to those who are informed and engaged in  
5 that process, to let them know what NYCHA would  
6 like to see in terms of the outcome of the  
7 legislation. But like, which you all know better  
8 than I, being a legislative body, the bill's going  
9 to get highly negotiated and we're hopeful that  
10 something will come out of it that includes,  
11 doesn't preclude NYCHA's ability to participate,  
12 and that has the kind of parameters and  
13 protections that will make New York comfortable  
14 with it.

15 COUNCIL MEMBER MARK-VIVERITO: Mm-  
16 hmm. So just, if you can then could talk about in  
17 terms of what it is that you hope you will have  
18 available, like how, how does, how do you, how  
19 does NYCHA plan to increase revenue by combining  
20 federal funding streams under this application? I  
21 guess if you could just delineate that a little  
22 bit.

23 JOHN RHEA: Right. So, there's,  
24 there's kind of what we would call flexibility in  
25 the financial bucket, and then there's

1 flexibility, or what I call some programming  
2 levels of our funding. So, for example, earlier I  
3 mentioned that if we receive a fixed level of  
4 funding, we enter into a Moving to Work agreement  
5 with HUD, which basically baselines our funding.  
6 Now if there's prorations, there's prorations, but  
7 the bottom line is, assuming a certain level of  
8 funding, we get baselined. So if we take actions  
9 locally, to generate more revenue, HUD doesn't  
10 then turn around and say, "Well, since you  
11 generated more revenue, we'll give you less  
12 funding," so it becomes a zero sum game. For  
13 example, there's a lot of initiatives we can take  
14 around saving energy costs. They require  
15 investments, they require a number of things. And  
16 unless it's in part of what HUD calls and EPC  
17 program, anything outside of that they can take  
18 all of it back and keep it for themselves. So,  
19 they're disincentives for us to pursue aggressive  
20 energy conservation if at the end of the day, it  
21 doesn't do anything to actually advance the  
22 Housing Authority and advance the residents that  
23 we serve in terms of making, having more available  
24 to invest in other parts of our operations. The  
25

1  
2 other piece is fungibility amongst the different  
3 funding streams. So, there's Section 8, there's  
4 public housing, operating and capital. Today, we  
5 receive those moneys in very segregated accounts,  
6 and we don't have the ability to use those  
7 resources in a collaborative way, in order to  
8 support our goals. So before I was giving you an  
9 example. If we wanted to right size seniors,  
10 right, you know, we believe moving someone from  
11 public housing to the Section 8 funding stream,  
12 Right, so we need that kind of flexibility between  
13 the programs, so we actually can take into  
14 consideration what we're trying to achieve. If we  
15 want to build new housing, we need to program  
16 Section 8 vouchers in some cases to build and  
17 support the construction of that new housing. So  
18 there are a lot of things that we, today, we have  
19 to keep these accounts segregated. If we wanted  
20 to create sort of supportive services for  
21 families, right, with public housing dollars, and  
22 use the voucher in order to pay for the actual  
23 operating costs of the unit, we can't combine  
24 those programs today. If we wanted to use capital  
25 to reduce our operating expenses today, capital

1  
2 has to be kept, we have right to move a little bit  
3 of it, but in general you have to keep capital and  
4 operating dollars separate. So there's a lot of  
5 fungibility issues. When we had our Section 8  
6 challenges two years ago, when NYCHA needed some  
7 additional money, in order to continue to support  
8 the vouchers that we had out on the street, we  
9 could've used, if we had MTW, we would have been  
10 able to, on a temporary basis, to use money from  
11 the public housing account, to support those  
12 vouchers until we obviously received, you know,  
13 the next year's appropriation. So there's a lot  
14 of flexibility around the financing, that we don't  
15 have the ability today to do, that would come  
16 under MTW.

17 COUNCIL MEMBER MARK-VIVERITO: And  
18 then you're saying the legislation that you're  
19 talking about fine tune it a little further,  
20 specifically to New York, what New York wants to  
21 see.

22 JOHN RHEA: So, for example, the  
23 broad MTW legislation allows housing authorities  
24 to complete change both the regulatory and  
25 statutory elements in many cases, as well. And

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2 so, they can implement certain things, like time  
3 limits on public housing, or time limits on  
4 Section 8. They can implement things like work  
5 rules, that someone must, you know, seek  
6 employment or be gainfully employed. So there are  
7 a number of things that you can, you can implement  
8 under the broad MTW rubric, that are not the  
9 things that we're interested in pursuing here  
10 locally in New York.

11 COUNCIL MEMBER MARK-VIVERITO:

12 Well, thank you for that. I'm just, in terms of,  
13 I wanted to just speak personally with regard to  
14 the rapid response program and the Deputy General  
15 Manager, I really want to commend him for that,  
16 because I know that I did a walk through in one of  
17 my developments, Millbrook Houses, has expressed,  
18 had expressed many concerns about some of the  
19 outstanding repairs and the rapid response team  
20 did go in there and, and the result was that they  
21 were very happy with the end results ,and how it  
22 went about. And so, that's something that I think  
23 I'm glad to see that we're going to be supporting  
24 it, that it's going to expand, and it seems to be  
25 a real great way of approaching the outstanding

1  
2 needs with regards to repairs. The only--and  
3 that's for a separate conversation, but I will  
4 raise concerns about the Wham [phonetic] part of  
5 it, you know, I now have two developments that are  
6 in that program, which has to do also with, I  
7 think, you know, dealing with the NYPD and  
8 bringing them in to developments. But you did  
9 mention in your plan something about improving  
10 relationships between the police and residents. I  
11 know it's been an outstanding issue, and one of  
12 the reason you even started the safety security  
13 taskforce and working group, and it's ongoing, and  
14 I know that you are looking to deal with it, at  
15 some future time we'd love to hear what the  
16 expectations are going to be on our authority, the  
17 police, that are in our developments, because that  
18 is a constant issue, it really, really is  
19 aggressive policing, people feel harassed, and  
20 you've heard it all before, you don't have to hear  
21 it, but that's something that is of real concern  
22 for me, as an elected official that represents the  
23 most public housing, but it should be a concern to  
24 anybody that believes in the respect of our  
25 residents. So, that's something that I think we

1  
2 could, we touched on it, at another point. But I  
3 wanted to raise it as a concern. So, I don't know  
4 if you wanted to say anything, but I'm not--Madam  
5 Chair, thank you very much.

6 VICTOR GONZALEZ: Madam Chair?

7 Madam Chair, if I may? Victor Antonio Gonzalez,  
8 NYCHA's newly appointed Resident Board Member.

9 There is a population that we haven't mentioned  
10 here at all today, and I just wanted to bring it  
11 up. And that is the brave men and women of this  
12 country that are serving in a foreign land,  
13 fighting in a war that, well, let me not hit on  
14 that. But that's a population that soon will be  
15 coming back home, and although we have a program  
16 that's been working now, taking care of some of  
17 the veterans that are here now, the name of the  
18 program eludes me [background comment] VASH  
19 [phonetic]. And we still are now sitting the  
20 Board, and we're talking and tinkering around what  
21 we can do when this large population gets back  
22 home. And it's just something as Council Member  
23 Brewer alluded, something nice to say that we're  
24 actually considering and thinking about, helping  
25 this population that's coming back.

1  
2 COUNCIL MEMBER MARK-VIVERITO: And  
3 I appreciate that, because I know that we, we've  
4 been very concerned here in this Council, also,  
5 many of individually, about the fact that there's  
6 not enough housing or opportunities for--and we  
7 don't respect, you know, our vets when they  
8 return. And so we have to do more as a country  
9 and more as a City toward that end. But the other  
10 thing that, I wanted to ask, because you talk  
11 about the se--the needs of existing residents and  
12 providing social services. And obviously the  
13 importance of that. One of the, I'm wondering to  
14 what extent there's been an--I know there have  
15 been discussions about possibly an inventory being  
16 done, 'cause there's a lot of, of your property  
17 that was either a senior center was housed in it,  
18 or some sort of programming, even by NYCHA itself,  
19 that was being provided, and now maybe you're not  
20 providing those services, maybe the senior center  
21 is closing now, 'cause there is going to be the  
22 closing of senior centers. So there may be more  
23 vacant space within your developments. To what  
24 extent we could kind of nurture, you know,  
25 relationships with nonprofits, maybe utilize that

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2 space to provide services, low cost rent  
3 obviously, for nonprofits that are struggling to  
4 continue to provide services to our communities.  
5 So, you, I know you touched on it a little bit,  
6 but I wanted to know if there was more thought  
7 about that.

8 JOHN RHEA: Well, there's a lot of  
9 thought going into this area. And out of  
10 necessity. NYCHA has roughly, broadly defined,  
11 400 community centers or senior centers that are  
12 in operation on NYCHA property. Over time, the  
13 vast majority of them are now operated by  
14 community based organizations and third parties,  
15 roughly, and it's roughly a three-to-one ratio, in  
16 terms of the split. Because of what I mentioned  
17 in my formal testimony, the Board has struggled  
18 with the reality that it costs us roughly \$75  
19 million a year to provide operations in the 100  
20 that we operate. Not to mention the money that we  
21 spend even in the ones we don't operate where we  
22 cover the cost of capital and maintenance and  
23 repair. We don't receive funding except for about  
24 \$12 million in grants, so the vast majority of  
25 that comes out of our money that we should be

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2 deploying against preserving and maintaining and  
3 operating housing. And so we've stated very  
4 clearly in Plan NYCHA that we can't afford to  
5 continue to operate under that model. Which means  
6 we do have to find both partnerships with  
7 government, like what we did with Cornerstone, a  
8 few years ago, where 25 of the centers, if I have  
9 my numbers right, are being supported through  
10 appropriations from the City Council, and  
11 community based organizations and third party not-  
12 for-profits are in there providing high quality  
13 programming for youth. And we need to step up our  
14 engagement with not-for-profits foundations, and  
15 in some cases, you know, philanthropic  
16 incorporations who can support our programming.  
17 We've done that, we've established the Office of  
18 Public/Private Partnerships at NYCHA. One of our  
19 biggest successes has been a partnership with the  
20 Robin Hood Foundation, with other private  
21 companies who've contributed financially to  
22 building out our workforce development  
23 initiatives. And we need to do a lot more of that  
24 faster. And so this is an area where we will be  
25 coming to the Council to discuss the challenges

1  
2 around maintaining services to our community,  
3 because NYCHA can't financially support them as we  
4 have in the past, in light of the financial  
5 realities that I described.

6 COUNCIL MEMBER MARK-VIVERITO:

7 Well, I mean, I'd love to, if mean, if there was a  
8 way of knowing the inventory of spaces within, you  
9 know, our--again, I have so much of it, so in  
10 terms of knowing what is available, I really would  
11 love to see that, if there was any way of thought  
12 being given to how that can help in terms of, I  
13 know that you know, you're looking to generate  
14 revenue. So that's clearly the case. So, I  
15 appreciate your feedback, I appreciate your  
16 testimony, and the willingness, as this Plan is  
17 implemented, to keep, you know, reviewing it, and  
18 incorporating greater input, I think that's  
19 important. So, thank you for that. Madam Chair.

20 CHAIRPERSON MENDEZ: Thank you,  
21 Council Member Viverito. We're just trying to  
22 work out some logistical stuff, 'cause there's  
23 apparently another hearing starting here at 1:00.  
24 But I will continue to ask questions until we get  
25 as far as we can, and then we will see where we're

1  
2 at, and then we will try to proceed with public  
3 testimony. So, if I could go back a little bit,  
4 you, let's go back to Plan NYCHA and the process.  
5 You talked about the fact that you are willing,  
6 upon request, to go back into developments and  
7 talk through Plan NYCHA with everyone. What else,  
8 how else does, does NYCHA plan to proceed with  
9 this plan and what other public participation  
10 besides the annual Plan process, do you anticipate  
11 will be part of this Plan NYCHA?

12 JOHN RHEA: We refer to NYCHA, to  
13 Plan NYCHA as a living document for a reason. The  
14 worst thing we could walk away from this hearing  
15 or from any conversations with important  
16 constituencies, that this is NYCHA's Plan, and  
17 that NYCHA management and the Board is going to  
18 executive this plan on their own, and they don't  
19 need support from a broad set of stakeholders. As  
20 you read the plan, we lay out the imperative, we  
21 lay out a very, a series of initiatives, and we  
22 also outline the types of partnerships and support  
23 that we're going to need in order to make those  
24 initiatives a reality. And so we plan to  
25 continually engage all stakeholders, whether that

1  
2 be the State, whether that's City Council, whether  
3 that's the federal government and HUD, to ensure  
4 that the elements of the Plan that we need to  
5 implement, that there's joint ownership around  
6 them. So, whether it be development, obviously  
7 development has a very specific process that we go  
8 through, in terms of, you know, identifying  
9 options for a site, looking at what kinds of  
10 things can it support. We talk about how we're  
11 going to go through that process, a triple bottom  
12 line development scorecard, that looks at both the  
13 financial as well as the environmental and  
14 services impact on our residents of any potential  
15 development on a NYCHA site. Then we would go to  
16 the next level, which involves Section 18  
17 disposition in which we actually have to have  
18 broad community conversations about the use of  
19 that site. We would obviously include those  
20 things in our annual plan for not only identifying  
21 them, but ensuring that the Section 18 has broad  
22 engagement and consultation with residents and the  
23 broader community. So, whether it be development  
24 or whether it be the rental increase we talked  
25 about earlier, or whether it be the right sizing

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2 of apartments, each of these require real time,  
3 formal engagement with the constituents that are  
4 impacted. So, we're doing that as we execute  
5 every component of this plan. In terms of more  
6 macro level communication, I mentioned in my  
7 formal testimony that we just put up the micro  
8 site, Plan NYCHA. On that micro site will be  
9 consistent updating to anyone who goes on that  
10 site, about where are we with every element of  
11 this plan. And how they can get involved,  
12 conversations and testimonials, as well as, you  
13 know, a way for people to offer, you know,  
14 suggestions, and then for that suggestion to  
15 actually get implemented into action, and into  
16 consideration and vetting and ultimately either  
17 adoption or not adopt it. So we, this is really a  
18 living document. When we say it, we don't mean  
19 just, you know, it's some buzzword, we have a site  
20 that you can go to, you can see what's going on  
21 with the plan, you can offer your suggestions, you  
22 can say, "I want to get involved." And we can  
23 invite you to participate in either community  
24 conversations or forums around brainstorming and  
25 design. So there are a host of ways in which

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NYCHA residents and broader stakeholders can be engaged, whether that be elected or otherwise.

CHAIRPERSON MENDEZ: Mr. Chairman, recently I bumped into part of Team NYCHA at a borough board meeting, that was giving a briefing on Plan NYCHA. How many borough boards have you been to? How many community boards? What else besides TA and community conversations has NYCHA been participating in?

MARGARITA LOPEZ: Council Member, I just want to, before I answer your question, I want to make categorically clear, that residents of public housing have a fundamental responsibility to become active in the protection and the preservation of public housing. And perhaps that is a concept, perhaps, but it's very important for all of us to know, to understand, that for too long public housing have an structure that is called tenant leadership, tenant associations. Those structures must become effective and well put together, and they must stand up to protect public housing. Then, for NYCHA, it's very important at the level of the leadership to communicate with that leadership, to

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2 organize that leadership, and to make sure that  
3 every single development have a tenant  
4 association. The tenants associations are bodies  
5 that are formed by the residents of public housing  
6 in every development. NYCHA historically have  
7 been in charge of providing them with technical  
8 assistance. NYCHA will continue to do that, but  
9 it's intended to go a step further. Because the  
10 first group of people that must be engaged in this  
11 process of Plan NYCHA, at the residents of our  
12 developments. If everything is done right, then  
13 we will guarantee that the housing of all of those  
14 people will be protected. If this is not done  
15 right, they housing of all of those people may be  
16 in danger. Then, it is critical to understand  
17 that although all of the stakeholders that exist  
18 in this issue, are going to be reach out to  
19 borough boards, community boards, not-for-profit  
20 organizations, any organization from unions that  
21 want to support NYCHA, anyone who is out there,  
22 will be reach out to by NYCHA, we would reach out  
23 to them or they can reach out to us, for us to  
24 present this plan and to request they support. We  
25 don't believe that we have absolutely all the

1  
2 answers. But we do believe that those ten points  
3 in that plan are dealing with the fundamental  
4 issues that if we accomplish them, we will protect  
5 public housing for many generations to come, in  
6 this city. Then, what is at stake right now, is  
7 the mobilization of residents that must become  
8 involved. Secondly, all of the elected officials  
9 that are in this City and in this State, must come  
10 forward to support this Plan. We can talk about  
11 the areas that we disagree, and try to figure out  
12 how to do it better. But fundamentally, I invite  
13 you to look at those ten points and begin  
14 understanding how we are going to move forward in  
15 this issue. Our availability is open to go  
16 anywhere that we are invited. We have asked  
17 people to invite us. We have not wait for people  
18 to invite us, we go and ask them, "Can you invite  
19 us to your meeting?" And we are being proactive  
20 in that process. Then I want to clarify that  
21 because at this moment, that we begin this  
22 process, we presented to the borough board of  
23 Manhattan, and we are willing to go to any of the  
24 other borough boards that are in the City. Or to  
25 any place where we have to put this in clarity, in

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2 communication and information, to make sure that  
3 we succeed. After all, this is an economic  
4 engine. If we lose this economic engine, New York  
5 City will suffer.

6 JOHN RHEA: So I just want to  
7 answer the question, too. We presented to the  
8 Brooklyn, Bronx and Manhattan Borough Boards, so  
9 three of the five, and we have asked each of them  
10 to invite us to community boards where there's a  
11 large concentration of public housing. So, as the  
12 Commissioner said, not only are we going, but  
13 we're asking for those invitations to be extended  
14 to the community boards. Secondly, we have  
15 already presented the Plan in Albany to two very  
16 important stakeholders. We presented it to the  
17 Black, Latino and Asian Caucus, obviously given  
18 that many of their stakeholders and constituencies  
19 are public housing residents. We also presented  
20 in Albany to the Housing Committee, after being  
21 invited to present to, we asked for the invitation  
22 and it was honored. We've also asked to present  
23 to our federal delegation in Washington, that's  
24 being arranged. We've also, you know, we launched  
25 the Plan publicly with a press release, with

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2 telling people how they could copies of it, and it  
3 was immediately available on the website, with a  
4 lot of discussion around the Plan, in addition to  
5 now the new micro site. We've held, we're, we  
6 will be holding a town hall with all 12,000 of  
7 NYCHA's employees, to have greater in-depth  
8 discussion around their role in ensuring Plan  
9 NYCHA, leads to better service for our residents,  
10 our customer. And as the Commissioner said,  
11 through relationships that the Vice Chair, with  
12 the real estate community, and the relationships  
13 that the Commissioner Lopez has with supportive  
14 housing, and other, and other affordable housing  
15 advocacy communities. With the unions, as well,  
16 we presented to them, and we've reached out to  
17 Greg Floyd at Local 237 and Lillian Roberts at DC  
18 37, to address their members. So we are going as  
19 far and as wide and as deep as we can, around not  
20 only presenting Plan NYCHA, but engaging in a  
21 conversation about the elements of it, and how we  
22 can either adjust it, tweak it, to improve it, or  
23 to get people, and to get people engaged in  
24 supporting and ensuring that ultimately we have  
25 the resources we need.

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CHAIRPERSON MENDEZ: Thank you.

Regarding community boards, did you say that you're waiting to get invited but, or you're planning to go, but you haven't--

VICTOR GONZALEZ: I've already engaged with Community Board 7, and we plan to--

CHAIRPERSON MENDEZ: In Manhattan.

VICTOR GONZALEZ: Manhattan, I'm sorry. Community Board 7 in Manhattan. I spoke to the current Chair, and they want us to do a presentation on their upcoming meeting night.

CHAIRPERSON MENDEZ: Thank you.

VICTOR GONZALEZ: I'm making the arrangements for that with--

CHAIRPERSON MENDEZ: Thank you.

Regarding residents association, you're supposed to get me the number of how many resident associations you've actually presented to. Can you tell me in terms of some of these concepts, particularly, I mean, we haven't even gotten to it today, about underutilized land, air rights, sometimes can get very technical and in fact there was something published some years back by the Manhattan Borough President about, I think it was

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2 called "Land Rich"--what's it called? [background  
3 noise] "Cash Poor." Which had some extraordinary  
4 numbers in there, which we know, I think just gave  
5 what the possibilities can be, but we know there  
6 are lots of other restrictions. So, so that those  
7 numbers aren't really real numbers. How--what  
8 kind of assistance is going to be given to  
9 residents associations to understand these  
10 concepts of land use and zoning and air rights and  
11 can tenant participation funds be utilized in that  
12 process.

13                   JOHN RHEA: I'm glad you asked  
14 about how can we strengthen resident engagement  
15 and resident governance and capacity building for  
16 resident organizations. We've been working very  
17 closely with Reggie Bowman and all of the members  
18 of the Citywide Council of Presidents, to ensure  
19 that tenant participation funds and just the  
20 fundamental nature of the tenant associations are  
21 much more democratic, participatory, and engaged.  
22 The CCoP is the, will be the first to acknowledge  
23 the goals to provide residents and resident  
24 leaders with additional support to make sure that  
25 they are fully engaged in that governance process.

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2 They are working right now with using their tenant  
3 participation dollars to get the technical  
4 assistance that they need in order to be, you  
5 know, a forward leaning best practices resident  
6 association, you know, on a citywide basis, and so  
7 we are working hand-in-hand with them to do what  
8 we can to support them in their efforts, at the  
9 same time they're an independent organization, and  
10 they have to build the capacity internally in  
11 order to do that. So, issues like, you know, land  
12 use and other things ,they will be in a position  
13 to make sure that they're smart on. They've been  
14 attending conferences that involve other cities  
15 that have gone through similar exercises around  
16 development. They've locally, they've attended  
17 conferences to understand what development rights  
18 exist, and how they might be utilized. And so, we  
19 believe that our residents are going to be a  
20 critical component in that process as a partner in  
21 helping us evaluate--

22 CHAIRPERSON MENDEZ: When you say  
23 they, you mean members of CCoP or members of--

24 JOHN RHEA: I said res--I said--

25 CHAIRPERSON MENDEZ: --resident

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associations?

JOHN RHEA: --yeah, I said residents, and obviously there's a duly elected 964 regulation in which, how resident leadership is implemented in public housing in America. And that starts with the tenant association at the development, then goes to, in our case, the RAAB [phonetic] and then up the Citywide Council of Presidents. So we are certainly going to engage and do all we can to assist them in strengthening their capacity. But then there are other organizations that are either just made up of public housing residents, or that are made up of public housing residents and other broader community advocates and concerned parties, around development or you name it. Social and supportive services. And so, our goal is to work with all of them. [pause] So our goal is to work with all of them. In terms of your questions about air rights, development rights, we did touch upon it a little bit. Obviously, we had the conversation about moderate versus low income versus market rate housing, that's a big piece of how we would use either our hard land or our air rights, in

1  
2 many cases to facilitate development. So we did  
3 touch upon it a little bit. Certainly, our air  
4 rights and the value of our inherent land have  
5 different attributes depending on their location.  
6 Obviously, some parts of Manhattan or Brooklyn  
7 have more value in terms of economics than some  
8 other parts of the City, and we are going to look  
9 at that as part of our decision set.

10 CHAIRPERSON MENDEZ: And did you  
11 say that tenant participation funds would be--  
12 would be utilized by the resident associations to  
13 do their own trainings for their resident members,  
14 particularly if there was a Section 18 or some  
15 development being proposed in their development?

16 JOHN RHEA: Tenant participation  
17 funds are absolutely being looked at by tenant  
18 leadership to do capacity building around  
19 governance. A major part of any government's  
20 governance decision would be how land is being  
21 developed in their community. So we would expect  
22 that that will be an issue that they will be  
23 readily engaged in. [pause] And they have been  
24 engaged to-date, where there have been  
25 developments going on in their communities. So,

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2 this is not to suggest that the Citywide Council  
3 of Presidents or the tenant associations, or and  
4 jointly with advocates in some case, have not been  
5 engaged in this conversation, but they have  
6 recognized that they need to develop greater  
7 capacity around that.

8 CHAIRPERSON MENDEZ: So, I'm going  
9 to have to ask a couple of questions and then  
10 we're going to have to defer this meeting to  
11 another day to be determined. Regarding the  
12 surveys that you referenced to earlier in your  
13 testimony, will any of that statistical data be  
14 published as part of an appendix? Or something  
15 that we don't have at this moment?

16 JOHN RHEA: As of now, there's no  
17 plan to publish the data as part of an appendix.  
18 Having said that, we did make a lot of the results  
19 of the surveys public through various comments in  
20 here and through other, you know, press releases  
21 and other things, but we don't have a plan right  
22 now to "publish the data" wholesale.

23 CHAIRPERSON MENDEZ: And just to  
24 wrap up this line of questioning, and you know, I  
25 have a lot of questions about MTW, the air rights,

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2 the mixed financing, funding flexibility and how  
3 that's worked in other public housing authorities.  
4 And we will have to get to that all on another  
5 day. But if you can tell us what if any  
6 organizational structure, changes to  
7 organizational structure does NYCHA plan to make  
8 as a plan, as part of implementing Plan NYCHA.

9           JOHN RHEA: Well, one of the key  
10 imperatives in Plan NYCHA is reinvesting in our  
11 frontline. So, the people who work every day  
12 tirelessly to serve our residents, at the  
13 development level. And as part of that, there are  
14 a number of very specific initiatives that we're  
15 undertaking. So, for example, we've made it very  
16 explicit that we want to reduce the cost of our  
17 central office functions, and so we've done a lot  
18 of detailed, exhaustive work about how to do that  
19 thoughtfully, to ensure that we can actually  
20 enhance the central office's services to the  
21 frontline, on a more cost effective and efficient  
22 basis. Secondly, we are looking at how our  
23 borough operations are structured, and whether or  
24 not they are currently designed to best support  
25 the development level work. Part of this is NYCHA

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2 moving to the way almost every other property  
3 management company and housing authority across  
4 the country works, which is to ensure that we  
5 really are an asset manager that focuses on the  
6 property having the right level of resources to  
7 maintain appropriate levels of services. And that  
8 currently, some of our configurations that have  
9 things centralized at a borough level or have it  
10 centralized on a citywide basis, is not  
11 necessarily the best way to go. ON the other  
12 hand, there's some opposites that are true. For  
13 example, we are looking at consolidating how we do  
14 purchasing. Right now we have three purchasing  
15 organizations and we're going to consolidate that  
16 into one procurement infrastructure, that is  
17 basically operates on best in class models of  
18 insuring we have a highly, well maintained and  
19 managed supply chain. So that would go for more  
20 of a decentralized to a more centralized effort in  
21 which we would, you know, make sure we're getting  
22 economies of scale in our purchasing activities  
23 and making sure that our working capital is moving  
24 through our operations as efficiently as possible.  
25 So there are a number of major initiatives that I

1  
2 outlined in a higher level description in Plan  
3 NYCHA that really have, you know, a lot of sub-  
4 work streams under it.

5 CHAIRPERSON MENDEZ: Thank you.

6 Just a couple of housekeeping matters. If anyone  
7 has any written testimony, that they want to make  
8 available to the Committee today, I urge you to  
9 hand it in, so that we can put it up on our  
10 website, up until we find out when this hearing  
11 will be deferred to. And just for the entire  
12 Board, thank you for being here. And as far as  
13 I'm concerned, you know, I am available to work  
14 with anyone from NYCHA to go to each and every one  
15 of my developments, to talk about Plan NYCHA, to  
16 talk about what I agree with, what I don't agree  
17 with, which I'm not sure where I'm at yet with all  
18 of this, till I get all of my answers. But it's  
19 the most important thing we can do in this City,  
20 is to work to preserve this critical housing  
21 stock. It, it was a benefit to me, as someone who  
22 grew up in public housing. So certainly I want to  
23 know where the youth are on this today, if they  
24 realize what this means to their future or their  
25 kid's future. And again, I, I'm available to do

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2 that. I also just want to say, Chairman, since I  
3 haven't had the opportunity with the entire Board  
4 here, just to compliment NYCHA on the work that  
5 it's been doing on this rapid response, on getting  
6 through a lot of the backlog of the capital. I've  
7 been doing walking tours with Team NYCHA and we  
8 are moving our projects along. And that goes a  
9 long way for tenant participation, when they see  
10 that things do get moved, they get invigorated and  
11 they want to be more active. And just to go back,  
12 though, we did cover this, just--'cause it bears  
13 mentioning again, everything that the Housing  
14 Authority did in terms of the hurricane in trying  
15 to move their residents and get them out of harm's  
16 way, was commendable and just needs to be  
17 mentioned again. So, I want to thank everyone.  
18 This meeting is deferred. Please stay tuned as we  
19 figure out when this meeting will be deferred to.  
20 Thank you very much.

21 JOHN RHEA: Thank you.

22 CHAIRPERSON MENDEZ: Want to bang  
23 the gavel?

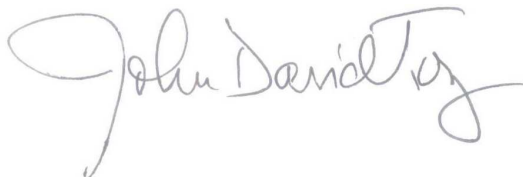
24 [gavel]

25 [background noise]

C E R T I F I C A T E

I, JOHN DAVID TONG 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

A handwritten signature in cursive script that reads "John David Tong". The signature is written in black ink and is positioned to the right of the printed word "Signature".

Date March 14, 2012