

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON PUBLIC HOUSING

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March 15, 2010

Start: 1:43pm

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HELD AT: 250 Broadway  
Hearing Room, 16th Fl.

B E F O R E:

ROSIE MENDEZ  
Chairperson

COUNCIL MEMBERS:

Maria del Carmen Arroyo  
Erik Martin Dilan  
Melissa Mark-Viverito  
Margaret S. Chin  
James G. Van Bramer  
Daniel J. Halloran III  
Domenic M. Recchia, Jr.  
Stephen Levin  
Robert Jackson  
Albert Vann  
Letitia James

## A P P E A R A N C E S

John B. Rhea  
Chairman  
New York City Housing Authority

Margarita Lopez  
Commissioner  
New York City Housing Authority

Earl Andrews  
Vice Chairman  
New York City Housing Authority

Felix Lam  
Deputy General Manager of Finance  
New York City Housing Authority

Rosalinda Tull  
NYCHA Resident

Joseph Garber  
NYCHA Resident

CHAIRPERSON MENDEZ: Good

afternoon. This hearing has come to order. My name is Rosie Mendez and I am Chair of the Subcommittee on Public Housing. And in 1934, in this great city, we created the first Public Housing Authority in this nation. And in 1935, a year later, NYCHA built its first public housing, first houses. Today in 2010, I was at a press conference earlier, where we've taken an unprecedented moment in history, along with what happened back in 1934, and the Housing Authority is well underway to try to federalize the 21,000 units of public housing in the city and State developments. So I look forward to hearing about that. And I want to congratulate everyone in NYCHA. That was quite a big thing to do, and we all look forward to that success.

We are looking to hear from the Housing Authority today on how they closed their fiscal year 2009 budget deficit and how they plan to deal with the budget deficit for 2010 for operating and capital. We, in this committee, are very well aware of the structural budget deficit that the Housing Authority has faced for the last

1  
2 eight years. And the Authority during that time  
3 has taken many steps, many which were unpopular.  
4 They've raised rents. They instituted a hiring  
5 freeze. They reduced headcount. They raised  
6 rents and they raised rents. I have to say that,  
7 because that's of particular... But while not  
8 popular, all were necessary.

9 And all were necessary because of  
10 the chronic--the underfunding from the federal  
11 government and the chronic deficit from the City  
12 and State developments that the Authority did not  
13 receive any funding from any level of government.  
14 And this morning the Housing Authority announced  
15 the pass of legislation that will federalize these  
16 21,000 units, and that will go a long way to  
17 closing your budget deficit in the years to come.

18 But despite these measures, right  
19 now your budget deficit is at \$137 million. And  
20 we look forward to hearing on how it will deal  
21 with that deficit, and how it will deal with the  
22 Section 8 voucher program that has created an  
23 additional hole in your budget in this fiscal  
24 year.

25 We are joined here by Council

Member Margaret Chin, who sits on the Committee; Council Member Maria del Carmen Arroyo, who is also on the Committee; and the Chair of Finance, Domenic Recchia, who also has a State development in his district. And I thought I saw Erik earlier. He's here? Erik Dilan was here, and he'll join us in a few more minutes. So, I would like to hand it over to the Authority. And if you could identify yourself for the record. Thank you.

JOHN B. RHEA: Thank you. Why don't you go first?

MARGARITA LOPEZ: Good afternoon. My name is Margarita Lopez, member of the New York City Housing Authority Board.

JOHN B. RHEA: Good afternoon. I'm John Rhea, chairman of the New York City Housing Authority.

EARL ANDREWS: Good afternoon. Earl Andrews, Vice Chairman of New York City Housing.

FELIX LAM: Good afternoon. Felix Lam, Deputy General Manger of Finance at the Housing Authority.

JOHN B. RHEA: Thank you. I'm going to begin my prepared remark. Chairwoman Rosie Mendez, distinguished members of the Public Housing Committee and to all the members of the City Council, it is a pleasure to be with you today. I am John B. Rhea, Chairman of the New York City Housing Authority. And joining me this afternoon are Vice Chairman Earl Andrews, Jr., Commissioner Margarita Lopez, and Deputy General Manger, Felix Lam, here representing NYCHA's senior management team.

I am here to present NYCHA's 2009 unaudited financial plan, which will detail what we budgeted versus where NYCHA ended last year, our 2010 board approved capital plan and last year's adopted five-year operating plan, updated to reflect our current 2010 forecast.

As you know, NYCHA is an important partner in fulfilling Mayor Michael Bloomberg's New Housing Marketplace Plan, a comprehensive and ambitious strategy for preserving and developing housing for the next generation of New Yorkers. We are committed to the Mayor's vision and we are encouraged by his support. Operating and capital

1  
2 budgets reflect those priorities. Fortunately,  
3 New York City and NYCHA are not alone in this  
4 effort to preserve, strengthen and secure public  
5 and affordable housing for low income families.

6 President Barack Obama came into  
7 office with a renewed commitment to support the  
8 nation's public housing authorities. Early in  
9 2009, the Obama White House, through the  
10 Department of Housing and Urban Development,  
11 announced its national urban policy agenda, which  
12 included a proposal to fully fund the federal  
13 operating subsidy formula for public housing  
14 authorities. This is undoubtedly good news, as we  
15 plan for outgoing years, but it is important to  
16 point out that the federal funding formula  
17 officials use falls short by leaving out important  
18 variables, not the least of which are employee  
19 healthcare benefits.

20 This year alone, we spent \$98  
21 million representing a more than 50% increase from  
22 2002 on employee healthcare benefits. At the same  
23 time, the Obama Administration has renewed its  
24 commitment to public housing on the operating  
25 size, they have unfortunately proposed capital

1  
2 budget reductions for 2011 by 18% nationally, or  
3 \$456 million, clear evidence of the delicate  
4 balance officials in Washington must strike in  
5 order to fund priorities like the American  
6 Reinvestment and Recovery Act, which delivered \$4  
7 billion nationally to public housing authorities  
8 for capital projects.

9               So against this backdrop, renewed  
10 and energized commitment during changing economic  
11 times, we have approached budget planning with a  
12 new perspective. Every budget is a roadmap, a  
13 plan for the way forward and a strategy to get  
14 there. Budgets are also records of priorities set  
15 and accomplishments met. But not all budgets are  
16 equal, either in design or ambition. The budget  
17 plans I will take you through today are dynamic in  
18 their structure, their funding sources and their  
19 reach. Given the long term nature of capital  
20 planning, capital budgets are, for the most part,  
21 fixed. On the other hand, operating budgets are  
22 more fluid, presenting more opportunities as well  
23 as risk.

24               When we were here a year ago, the  
25 2009 financial plan reflected NYCHA's core

1 priorities. Because the safety of NYCHA's  
2 families is a top priority, the Authority first  
3 made a commitment to invest in elevator  
4 modernization and safety. Since that time, NYCHA  
5 adopted its Elevator Service and Safety Plan. As  
6 part of that plan, we hired new elevator mechanics  
7 and authorized overtime for existing service  
8 staff. We contracted with third party inspectors  
9 and had our mechanics undergo qualified elevator  
10 inspector training, and we installed door zone  
11 restrictors on all 3,300 NYCHA elevators.  
12

13 NYCHA has committed \$88 million  
14 from stimulus funds and the 2009 capital grant to  
15 modernize 251 elevators at 25 different  
16 developments. To date we have bid contracts for  
17 23 of the 25 developments, and awarded 21  
18 contracts. Physical construction work has started  
19 at seven of our developments.

20 Second, NYCHA made a commitment to  
21 preserve community centers and program services.  
22 Due to budget cuts in 2009, the City Council  
23 allocated \$18 million for the operational  
24 transition to the Department of Youth and  
25 Community Development, Administration for

Children's Services and Human Resources Administration to immediately allow 19 community centers slated for closure to remain open. \$12.25 million of the Council's allotment was awarded to DYCD to manage operations for 25 community centers. All 25 community centers are open, operating and serving their communities as part of the Cornerstone initiative.

And finally, we pledged to develop underutilized land to generate revenue for the Authority. In the current property market, meeting this commitment required us to be even more enterprising. A year later, NYCHA has met its goals and continues to meet the Mayor's New Housing Marketplace Plan challenge.

NYCHA's Metro North land lease agreement, for example, will bring in \$750,000 per year to the Authority, and we expect to yield \$22 million in cash and mortgage revenue over the next 15 years from the sale of property at UAC, including Arista, UAC and Bronx Pro, and East 173rd Street, Vyse Avenue.

But as you may recall, we had a significant deficit during the course of the year

that resulted largely from challenges to the Section 8 program. As I will discuss, we took significant and sometimes unsustainable steps to keep the Section 8 families in their homes, including using Section 8 reserves to cover the budget shortfall and fund existing and new vouchers. Those measures, along with an increase in federal operating subsidy and our implementation of spending controls have resulted in a 2009 balanced budget, but left us vulnerable in 2010.

When Mayor Bloomberg asked me to serve as the authority's chairman, he charged me with four mandates; achieve financial stability, foster partnerships with sister agencies and external philanthropies, increase transparency and communication, and improve resident services. The Mayor's charges have been our guideposts as we chart our course to preserve, strengthen and secure public housing in our City. NYCHA's overall budget for 2010 presents several opportunities; new project funding from federalization, an increase in federal operating subsidy, an increase in dwelling rent income, and

a new commitment to forging public/private partnerships; but it also presents several risks, a \$45 million Section 8 subsidy shortfall, the stalled transitions of apartments to Section 8, insufficient funding for frontline staff, underfunding of community and senior centers, and insufficient resources to meet the long term modernization needs of aging NYCHA assets. However, as NYCHA's board approved capital plan makes clear, despite these risks, we are committed to fulfilling the Mayor's vision.

One of the greatest challenges facing housing authorities is the preservation of our buildings. In 2005, NYCHA's comprehensive needs assessment identified a five-year \$7.5 billion need. Our need over the next 15 years is \$25 billion. Our approved five-year capital plan, a \$2.6 billion funding strategy for major modernization projects, while significant, is only a third of what we require to fully address the Authority's five-year infrastructure investment needs. Our funding limitations also mean we must focus on the most critical repairs and upgrades to preserve the structural integrity of our buildings

and provide our residents with basic safety.

The restoration and modernization of individual residential units, the work that would have the most visible impact on our families' day to day quality of life, we will have to address in the future. We must develop a plan to address and fund these upgrades to our residential units, but today our capital plan tells a story of collaboration and innovation to ensure public housing endures for family of New York. We knew that to achieve our ambitious targets for this year and raise the bar over the next five years, we would have to maximize existing funding and seek or create new ones. To that end, the plan uses traditional funding sources, such as federal, State and City capital grants, and leverages private market funding for modernization of the Authority's aging housing stock.

So as I mentioned, the plan reflects the Authority's ongoing commitment to invest in our residential buildings. NYCHA will devote approximately \$1 billion over the next five years to critical brickwork, roof and elevator

1 projects to preserve housing for future  
2 generations. The remaining \$1.5 billion will be  
3 spent on plumbing, major renovations and building  
4 system upgrades. The five-year plan includes  
5 several key initiatives, which I'd like to  
6 highlight.  
7

8 First is our federalization plan.  
9 NYCHA identified and seized an opportunity to take  
10 what looked to be a one-time funding infusing  
11 stimulus, and has leveraged it to provide ongoing  
12 capital and operating subsidies for the Authority.  
13 Because the stimulus legislation temporarily  
14 suspended the Fair Cloth Amendment, which prevents  
15 housing units from being added to the federal  
16 program, NYCHA moved aggressively to federalize  
17 the 21 State and City developments. This  
18 federalization process, referred to as a Mixed  
19 Finance Modernization, was a collaborative effort,  
20 merging the expertise of NYCHA managers with our  
21 colleagues at City Hall and in State and federal  
22 government, and at the New York City Housing  
23 Development Corporation and at HDC--excuse me--and  
24 at the Department of Housing Preservation and  
25 Development, HPD.

Through federalization, the Authority will spend \$250 million in public and private funds for capital improvements at the 21 previously unfunded State and City developments through 2012. The Authority will also establish critical operating reserves to ensure long-term maintenance of these units. The modernization will be funded through stimulus dollars, tax credit equity, and of special significance, State modernization grants. At a time when Albany is pressed with historic deficits, NYCHA took advantage of an opportunity to pool and spend State modernization grants that were due to expire. It's holding approximately \$42 million. Taken together, 77% of these funds will be devoted to brick work and roof projects. Work will begin immediately, and over the next two years, NYCHA families will see real improvements in their buildings.

We were also able to expand a number of stimulus funded projects obligated for the Authority from 70 to 75, because bids were more competitive than originally anticipated. The first phase of federalization will be completed on

1  
2 March 17th, and at that time I am proud to report  
3 that we will have not only obligated the  
4 federalization funding, but also the full \$423  
5 million we received in support from the 2009  
6 Stimulus Act.

7           The completion of previously  
8 identified priority projects is a central part of  
9 our capital plan. So while we are identifying new  
10 building needs, we remain committed to  
11 construction projects already underway. Whitman  
12 Ingersoll Houses is just one example of a project  
13 we will continue and complete on time. The work  
14 at Whitman Ingersoll will conclude by 2012 and  
15 bring an estimate 603 apartments back on to the  
16 rent rolls. Using a mix of public and private  
17 funding is a bold new path for NYCHA, and we will  
18 continue to seek creative yet sound funding  
19 options for the authority. And NYCHA is going  
20 even further. Through a bond offering, the  
21 Authority will raise an additional \$300 million to  
22 support a systematic comprehensive strategy to  
23 comply with Local Law 11 requirements, thereby  
24 ensuring our residents' safety and integrity of  
25 our buildings long term.

Over the next five years, NYCHA will devote \$245 million to modernize 581 elevators at 65 developments. As I said, the safety of NYCHA's families is our first priority, and despite our financial challenges, we are committed to improving elevator service and safety. We will continue to support current staffing levels, safety initiatives, including installing door zone restrictors in all elevators and installing remote monitoring technology where feasible.

While we have made huge strides in addressing our long-term infrastructure needs, and moving the Authority towards financial health, ultimately reducing our consolidated Section 8 and public housing operating forecasted deficit from \$137 million to \$103 million, we still have work to do. Since this is just a current forecast, we will come back to you in May with a board approved 2010 operating budget. And the plan, which is currently in development, will demonstrate that we are moving in the right direction. NYCHA is taking advantage of increased federal operating support, increasing our revenue through improved

collection practices, and strengthening our fraud detection efforts. We are also taking steps to better leverage our assets, including continuing to repurpose underutilized property, or using property to create long term revenue streams. We are also shifting direct costs for community programming to philanthropic funders, and developing greater coordination with sister agencies to provide better and more cost-effective delivery of services to residents. And we will continue working with HUD to develop a long-term funding solution for the remaining 6,100 recently federalized units that lack dedicated operating and capital subsidies.

We are laying the groundwork for a new plan to preserve public housing, the details of which will be shared with the Council in early 2011. As I mentioned, we still have a significant operating deficit, \$103 million to be exact, driven in part by Section 8's budget gap. We have several outstanding challenges to Section 8. First, we have exhausted our resources. In addition to \$58 million that was recaptured from Section 8, to keep families in their homes, NYCHA

exhausted \$120 million in remaining reserves and used \$8 million of funds designated for administering the program. As a result, the current Section 8 shortfall is projected to be \$45 million in 2010.

We have also been unable to meet the forecast of our voluntary conversion agreement. To date, NYCHA has converted only 2,236 apartments of the 8,400 we have scheduled to convert. Due to families having more private market options, residents' reluctance to relinquish public housing for the portability of Section 8, and the fact that NYCHA has exceeded its voucher cap. Had we met our forecast and converted all 8,400 units, we anticipated receiving Section 8 funding of approximately \$75 million. However, the 2,236 that we have converted represent only \$25 million.

NYCHA has limited tools to address this problem. First, we will continue to seek additional funding. This year, congress authorized \$150 million of Section 8 subsidy as a national competitive set aside for authorities that qualify, as a result of the nationwide

1 challenges confronting section 8. Based on HUD's  
2 criteria, NYCHA has submitted a request for a  
3 portion of those funds. Also, representatives  
4 Nydia Velazquez, and Gerald Nadler, with support  
5 from Senator Charles Schumer, our tireless  
6 champion of New York's low income residents, have  
7 submitted letters to their colleagues requesting  
8 that congress fully fund the Section 8 program as  
9 well as fund 250,000 additional tenant-based  
10 vouchers.  
11

12 Second, NYCHA looks forward to  
13 working more closely with local elected to find a  
14 solution. Should we not receive additional  
15 funding, NYCHA has two options at its disposal to  
16 reduce costs. Number one, to reduce the Section 8  
17 payment standards, thereby lowering the amount of  
18 subsidy we provide to tenants; or number two,  
19 terminating recipients from the Section 8 program,  
20 which would affect almost 10,000 New York  
21 families.

22 We have accomplished a lot, but  
23 more remains to be done. NYCHA's budget plan for  
24 2010 will serve as an ambitious roadmap to address  
25 construction, repair and safety concerns, so that

we ensure that public housing not only survives in our city, but thrives. To that end, we have better leveraged federal funding, while pursuing alternate revenue sources to increase our resiliency during time of uncertainty. We have strengthened existing partnerships and formed new alliances to emphasize the value of collaboration and we have refocused our efforts on leveraging NYCHA's assets to create more value for the authority. We accomplished it all the old-fashioned New York way, by working together. And we will continue to work together to meet the challenges of tomorrow. We remain as committed today as at any time in our history to preserve, strengthen and secure public housing in New York City. We know that that is the commitment that Mayor Bloomberg has made. It is a commitment that the City Council has made, and it is the commitment NYCHA makes every day to the families we serve.

Thank you, and I look forward to taking questions. Before we take questions though, I'd like to go through a PowerPoint slide that will put a little more detail on both the

2009 budget, where we finished the year in 2009, to take steps to close the budget deficit that Chair Mendez spoke of; also to lay out information about our board adopted capital plan, and also to talk about the 2010 forecast that we are currently looking at.

So slide 1, fiscal year 2009 outcome. When we met with the Council back in May of last year, the board had just adopted its 2009 budget which showed a \$45 million deficit for the full year of 2009. We actually were able to balance the budget by the end of fiscal year '09 through a number of important measures. First and foremost, as I discussed in my testimony, was by drawing down our Section 8 reserves. We fully exhausted all the money we had in our Section 8 reserve, as well as I mentioned the fact that we took money from the administration of the Section 8 program, money that NYCHA receives in order to hire staff and personnel to administer Section 8, and we put it into the actual HAP contract to support the families who receive Section 8. So that all total added up to \$187 million to work against the Section 8.

Also in the Section 8 transition, another \$2 million was--is less than what we had anticipated, is the way to refer to that. We had expected to have \$2 million more in the 2009 from the Section 8 run rate of families converting from public housing to Section 8. We came in \$2 million short of that. As I said, we have not been on the appropriate run rate to get all 8,400 units done on the original timeline. Also, non-reimbursable expenses tracked \$15 million ahead of where we had projected when we met with you back in May of last year.

But where did the money come from? Again, it came from drawing down our reserves of \$187 million. It came from federal operating subsidies being \$57 million ahead of where we had anticipated, and NYCHA, as again Chair Mendez mentioned, took significant actions in our headcount and in reduction of jobs, that produced \$5 million in 2009. And again, because those actions were taken relatively late in the year, the second half of the year, it only equated to \$5 million in 2009, even though it's a larger number on a four-year basis.

Outlook for 2010. Federalization, as I discussed, obviously is a big opportunity for us, not just for a capital perspective, but also beginning in October, which is when the federal 2011 budget begins, or fiscal year begins, we will begin receiving operating subsidies for our newly federalized City and State developments. So we will begin to feel the impact immediately in 2010 at the operating line, in addition to the capital line.

Operating subsidies also have been increased in the most recent congressional budget that HUD is administering. We're seeing significant increases in the public housing ACC funding levels, which are basically, as you've heard us talk in prior years, where the funding has been prorated to less than 100 cents on the dollar. President Obama's, Congress's and Secretary Donovan's commitment to move towards full funding will be restored in 2010. I talked about the one issue there is that full funding does not include the increases in employee benefits costs, that we, as all housing authorities, actually experience. So even though

1  
2 their full funding formula gets them to 100%, it  
3 doesn't get housing authorities fully to a fully-  
4 funded 100% level, given the differences in  
5 calculations for employee benefits and healthcare  
6 expenses principally.

7 Dwelling rents have been trending  
8 ahead of where we had anticipated in 2009 for the  
9 actions that we took in raising rents. As, again,  
10 Chair Mendez mentioned, we have has to raise rents  
11 as one of the levels to pull to get NYCHA in to  
12 balance. And those had been trending ahead of  
13 where we had estimated, obviously depending on  
14 where, you know, families' incomes are. That  
15 obviously has an impact on where the rents  
16 actually trend. And those have been trending a  
17 little ahead of our original estimate.

18 And then equally important here is  
19 a number of actions that we're taking on the  
20 public/private partnership side. We have a number  
21 of activities in place to partner with the  
22 philanthropic sector to provide a significant  
23 training for NYCHA residents that will help our  
24 Section 3 efforts, that will allow us to increase  
25 our activities in the area of workforce

development, without that happening on NYCHA's dime, but through partnerships. We're doing the same in the area of early childhood education as well as with seniors and with disconnected youth, not to mention the programs I already mentioned in terms of with our sister agencies that naturally are better positioned to serve some of our population's needs than NYCHA is directly, since we don't receive any funding from the federal government to provide any of the social services or community based programs that we operate. Those are all taken, siphoned off the money we receive to operate our, and support our housing units.

Risk. The biggest risk here, as everyone knows, is the Section 8 subsidy shortfall, which I discussed. There's \$45 million in estimates for the full year, and our Section 8 transition numbers are basically turned off at this point until we get back into without or allotted 99,700 vouchers, which we're now at 101,000, we can't continue to transition units from public housing to Section 8, which obviously is a big piece of our financial formula.

Insufficient funding for frontline staff. It goes without saying, NYCHA at its peak was somewhere closer to, you know, almost 15,000 employees. We're down now just to about 11,500. That comes directly out of being able to have the right number of caretakers, janitorial maintenance staff, onsite at the NYCHA developments to manage these properties for, on behalf of our residence. So customer service is not close to the levels that we would like to see. We have made certain assumptions and projections in the 2010 budget to being to try and fund some additional frontline staff, but there's still substantially fewer frontline staff in place than are required in order to bring the real standards of operation back up to where they belong, and that I'm committed to seeing NYCHA get back to on behalf of our residents.

And this is critical too, because it's not just families that experience less service. It's also that meaning what we call state of good repair maintenance that could prevent long-term capital costs from being higher, are not being carried out as they should be, which

ultimately leads to more capital required to fix problems that should have been dealt with on a more regularly schedule maintenance basis.

Under funding of community and senior centers, we've talked about that. We took action on 25 with the help of the City Council and DYCD. But this is an issue that continues to be a challenge for NYCHA. The programming in many of our community centers and senior centers are not close to what the community needs and requires. We need to work with DYCD and with DFTA and with the City Council and with others to figure out how we can move these community facilities and senior centers to a level of excellence that is required by the populations that we serve. And then lastly, increase repair and maintenance costs are obvious.

So what are we forecasting for 2010? As I mentioned, the board has not adopted a, quote unquote, revised budget, which we normally do in April and we will come back to you in May with that, as we did last year, but we have adopted obviously, we have a five-year budget when we adopt every budget. And so when we begin the

1 year, the budget that was in last year's 2009  
2 five-year plan become the current budget for this  
3 year in 2010. And we update that based upon what  
4 we're seeing and the current forecast. And what  
5 this shows is that we began 2010 with a budget of  
6 \$137 million deficit. And based upon the Section  
7 8 transition and the Section 8 deficit, we would  
8 see adding an additional \$25 million and \$45  
9 million respectively to that deficit. But then  
10 again, offset by higher dwelling rents, offset by  
11 an increase in the federal operating subsidy from  
12 President Obama's and the Congress's commitment to  
13 fully funding public housing, and offset by in  
14 this year--which as I said is only a partial year  
15 beginning in October--an additional \$13 million  
16 that will come in the form of operating subsidy  
17 from the federalization of the 21 City and State  
18 developments, would take us to a current forecast  
19 of roughly \$103 million; where we would finish  
20 2010 without taking any additional actions in  
21 order to support getting to a balanced budget,  
22 which all of you know will be our objective when  
23 we sit down with you later on this year.

24  
25 Let's talk about the biggest

component of the deficit, which is the \$45 million in Section 8 shortfall. As I testified to the City Council a few weeks ago on the termination of the 2,600 vouchers that affected New York families, we have in addition to that 101,000 families that are currently being supported by NYCHA's Section 8 program, the largest in the country by far, the largest that NYCHA's New York City program has ever been. We're supporting more families at higher levels than at any point in our history.

As this chart shows, we, number one, you'll see the dotted line. That's the 99,732, which is our maximum authorized vouchers that can be, quote unquote, issued under the program. As we testified before, we are above that maximum authorization limit, which is why we've had to, quote unquote, suspend the issuance of new vouchers until we get back down within compliance. And we would expect compliance to principally come through attrition throughout the 2010 year.

As you can see, the solid line, which is roughly around 98,000, that's at the

1 level of which if you take the outstanding  
2 vouchers times the average amount of subsidy that  
3 we would provide to each voucher, how many  
4 vouchers we could issue based upon that average  
5 subsidy that's currently being provided to  
6 families, how many vouchers we could actually  
7 support. So although our authorized limit is  
8 99,700, given that the average amount going to  
9 families is higher than historical levels, and  
10 then traditional averages, we could only support  
11 98,000 families with the actual budgeted amount of  
12 dollars that we have, which as you look down to  
13 the far right hand corner, is the \$1 billion 52  
14 million number.

15 But based upon the number that are  
16 outstanding, and based upon the attrition that  
17 will take place through the end of the year, that  
18 we would estimate by year end would get us to  
19 97,500 vouchers, and therefore we would be in a  
20 position to restart the program, funding levels  
21 supporting it. You see that we would have a \$45  
22 million deficit in our program because we will  
23 spend \$1 billion 97 million to support this  
24 program for the full year 2010. We don't have \$1  
25

1 billion 97 million, we have \$1 billion 52. SO  
this is not a hypothetical budgeting exercise that  
shows the deficit; this is real money. We have to  
find this \$45 million; and we cannot find this \$45  
from the public housing side of the equation,  
because we do not have the flexibility, because  
we're not a moving to work agency, to have funding  
ability between our public housing programs budget  
and our Section 8 budget. Either way, we can't  
use Section 8 to support public housing; we can't  
use public housing to support Section 8. This is  
exactly why we've discussed in other forums the  
desire to have fundage ability between our  
programs as a moving to work agency for exactly  
issues like this one.

So we need to find \$45 million in  
order to support this program. And as I spoke  
earlier, there are only four potential solutions  
that I'm aware of. One is to have additional  
funds allocated to NYCHA to support the program  
this year, to find additional funding locally to  
support the program this year, or to reduce our  
payment standards, which today are at the higher  
level of what we can actually do based upon our

1  
2 statutory requirements. We can go all the way  
3 down to 90% of fair market rents, which would  
4 significantly reduce the checks that families  
5 receive as subsidy to support their rents, or we  
6 can terminate families from the program. Which is  
7 what I just went through.

8           Let's talk about the capital plan,  
9 very briefly. In the five year plan, I mentioned  
10 that it's slightly over \$2.5 billion dollars, \$2.6  
11 billion to be exact, which is one-third of what we  
12 know NYCHA's properties require over the next five  
13 years, which is \$7.5 billion, based upon our  
14 comprehensive needs assessment. So we will  
15 continue to seek creative ways to have access to  
16 additional funding sources, which is why the  
17 announcement on the federalization is such an  
18 important initiative, not just because of the  
19 immediate money it brings, but it brings new  
20 sources of capital for us to begin to invest in  
21 our developments over time.

22           The major components of that  
23 capital plan are 70% of our federal sources, and  
24 then the balance comes from, we mentioned the plan  
25 to issue \$300 million of new bonding capacity for

1  
2 Local Law 11 brick work, principally, which is a  
3 critical need, as we have a number of our  
4 developments buildings that are either in unsafe  
5 conditions today, which means we have at least a  
6 sidewalk shed up to protect the public, if not an  
7 action plan in place to remedy it; or they're in  
8 swarm conditions, which means they are closed to  
9 being deemed unsafe unless we take corrective  
10 action. So our bonding initiative to deal with  
11 our Local Law 11 challenge is an important piece  
12 of our overall capital plan.

13 The City also has provided us with  
14 7%, which is roughly \$174 million over the next  
15 five years. These were monies that were allocated  
16 to us in previous years that will be spent over  
17 the next five years. And that's a combination of  
18 direct money through the City as well as from the  
19 City Council.

20 There's 5% of the budget that comes  
21 from stimulus. Now, this is not the full \$423  
22 million. This is the \$108 million of the stimulus  
23 that's going to the federalization, which will be  
24 completed or obligated this year and completed  
25 over the next two years, and another 30 plus

1 million of unallocated stimulus that will--that  
2 has been approved by the board and will be  
3 obligated before the March 17th deadline in the  
4 next couple of days. The rest of the stimulus  
5 money had already been obligated in 2009, so  
6 that's why it's not part of this five-year plan.

7 Obviously the tax credit equity,  
8 which is new, the \$209 million that we're  
9 receiving from the federalization plan, of which  
10 the majority of it is going for capital projects,  
11 and some to fund operating reserves. So the only  
12 portion that's showing up here on the tax credit  
13 equity side is the component that's going to  
14 capital projects.

15 And then lastly, 3%, which is  
16 coming from the State, which is, as I mentioned in  
17 my prepared remarks, \$42 million of cumulative  
18 State modernization funds that were at risk of  
19 expiring and going unused, that we were able to  
20 package together in a lump sum as part of the  
21 federalization effort. So this reflects the key  
22 components of the five-year capital plan.

23 We obviously are focused on  
24 expanding our program investments, as I discussed  
25

1  
2 in my testimony, using private equity where it  
3 makes sense, maintaining all of our public housing  
4 infrastructure to the best of our ability in light  
5 of our significant gap between what we have  
6 budgeted and where we need to be, and continuing  
7 to seek support locally; and we commit that all  
8 stimulus projects will be completed on time. They  
9 will be obligated and then expended by 2012, so  
10 there's no recapture of the money; and focused on  
11 making investments that improve our operational  
12 efficiency, given that our operating line is under  
13 pressure as well. And capital can go a long way  
14 to helping us balance the operating side of the  
15 equation as well.

16 So with that, I'd like to conclude  
17 my prepared remarks and take questions.

18 [Pause]

19 CHAIRPERSON MENDEZ: Thank you, Mr.  
20 Chair. If we can get the lights back on? We've  
21 been rejoined by Council Member Erik Dilan, and  
22 joined by Council Member Robert Jackson, Melissa  
23 Mark-Viverito, Diana Reyna, Council Member  
24 Halloran, Van Bramer and Levin, and all the way in  
25 the back in the crowd is Council Member Al Vann,

1  
2 and he's taking notes back there. So you just  
3 better be careful. I'm going to hand over the  
4 questioning to Chair Recchia to start the  
5 questioning.

6 COUNCIL MEMBER RECCHIA: Thank you,  
7 Madam Chair. And good afternoon, Mr. Rhea. It's  
8 great to see you here. And first, I want to  
9 congratulate you on the federalization program.  
10 My district, one of the developments will be  
11 involved, and I just want to thank you.

12 JOHN B. RHEA: Thank you.

13 COUNCIL MEMBER RECCHIA: Because it  
14 will play a big role. As I sit here and I hear  
15 your testimony, I'm a little bit upset and taken  
16 aback, because under the City charter, we have to  
17 respond to the Mayor's preliminary budget. And  
18 how are we supposed to respond when you come here  
19 before us and say that you'll come back to us in  
20 May with a board approved 2010 operating budget.  
21 So what is your operating budget for 2010? We  
22 need to know now. We have to put a response in.  
23 And to come here and say, well, the Board didn't  
24 approve it, we don't know, we're waiting for the  
25 State--everybody's waiting for the State. We have

1  
2 to make hard choices too, and we have to respond  
3 to this. To come here before this Committee and  
4 say that we don't have a budget yet, I have issues  
5 with that.

6 JOHN B. RHEA: Okay. So let me be  
7 clear in what I'm saying. We do have a budget, as  
8 we do in every year. So one of the benefit of  
9 NYCHA's financial planning practices is that we  
10 adopt every year a five-year budget. And so last  
11 year in 2009, when the five-year budget was  
12 adopted by the Board in April, we came to City  
13 Council and laid out that budget. That was a  
14 five-year budget, so it was 2009 through 2013.  
15 And what we do, and always have done in NYCHA, is  
16 that the second year of that budget becomes the  
17 actual budget in the new fiscal year. So on  
18 December 31st at midnight, what was in our 2009,  
19 board adopted budget, became the 2010 budget for  
20 this current calendar and fiscal year at NYCHA.  
21 What that budget said is that we would have \$137  
22 million deficit, which I put back up on the screen  
23 here for you, Council Member Recchia. That is  
24 what our budget was as of January 1, and it's  
25 every line item in that budget is spelled out.

1  
2 There's no kind of truncated version if it; it's  
3 every line item. That is the budget we send to  
4 HUD, and that therefore on day one of a new fiscal  
5 year, HUD can begin releasing money to us because  
6 we have a board adopted budget that is in  
7 compliance with all HUD's rules and regulations  
8 and standards.

9                   What we've done for you hear today  
10 is said, but it would be unfair of us and  
11 irresponsible for us to just show up and tell you  
12 that our current forecast is \$137 million, because  
13 that's what our budget is. What we've done is  
14 gone further and said based upon what we've seen  
15 in the first, what is it, ten weeks of the year,  
16 what do we believe our full year current forecast  
17 for our budget will be. And we've shown you the  
18 items that are in a delta, a change from what's in  
19 our board adopted budget from last year, that is  
20 for current fiscal 2010. Which is \$103 million,  
21 including the biggest piece in here, which is the  
22 \$45 million Section 8 deficit.

23                   What we do now from today until the  
24 board adopting a revised and updated budget, come  
25 April, that we will share with you in May, as we

1 always do, as we did last year and the year  
2 before, is we will try to figure out how we get  
3 that \$103 number down as close to zero as  
4 possible. We will probably--you know, we won't  
5 get it down to zero come may, but we will have  
6 found some additional identified savings we can  
7 take, as well as revenue options that we can  
8 generate to try and get that number less than \$100  
9 million, like we did last year; and then we will  
10 spend the balance of the year being as creative  
11 and aggressive as we can to ensure that we finish  
12 the year with a balanced budget. That is an  
13 exercise that is dynamic, as I started out my  
14 original testimony saying; that the operating  
15 budget is a dynamic tool that has to change and be  
16 flexible throughout the year to respond to  
17 reality. And that's exactly what we've presented  
18 for you here, Council Member Recchia.

19 COUNCIL MEMBER RECCHIA: But what  
20 about 2011, for next year? What are we  
21 forecasting for next year? This is great; this is  
22 for 2010. I think you should have a slide that  
23 says 2011.

24 JOHN B. RHEA: We will do that as  
25

we have in the past in May. But I'll tell you now; we're forecasting \$126 for 2011. \$126, \$132 for 2010 and \$132 for 2013.

COUNCIL MEMBER RECCHIA: All right. Because our whole--my issue is that we need to know for 2011, you know, what you're predicting, what you forecast and what you're seeing. And you know, to come here and say this is for the rest of the year, that's great. But this hearing is for the 2011 budget. It's for next year's budget. Okay? Next year's budget. This is--

JOHN B. RHEA: [Interposing] For your--

COUNCIL MEMBER RECCHIA: [Interposing] This is to finish up the year. You're finishing up the year right now. This is for the rest of the year.

JOHN B. RHEA: We're on a calendar year, so. So this is your 2011 budget impacts our 2010 year.

COUNCIL MEMBER RECCHIA: I understand that but...

JOHN B. RHEA: So we're saying this is--no, this is, I want to be clear.

COUNCIL MEMBER RECCHIA: This is for the rest of this year, 2010.

JOHN B. RHEA: All of it, until the end of December 31st.

COUNCIL MEMBER RECCHIA: Okay. Go ahead.

JOHN B. RHEA: So, but I'm saying your fiscal 2011 picks up a substantial--

COUNCIL MEMBER RECCHIA:  
[Interposing] Part.

JOHN B. RHEA: Of our 2010. We can't, we can't calendarize our budget with your years. It's not something that we've ever done and I'm not proposing that we try and do that now. What we have done is laid out for your what our current year looks like, and we're happy to talk about what 2011 looks like, you know, January 1 of 2011 through December 31st of 2011; but quite frankly, Council Member, we got a lot of wood to chop just to get through 2010, so we really want to focus in on that. I'm happy to give those numbers to you at a higher level, which is as I said \$127 million in 2011, and then \$132 for the next two years after that.

COUNCIL MEMBER RECCHIA: All right.  
We'll have a further discussion about this issue.

JOHN B. RHEA: Okay.

COUNCIL MEMBER RECCHIA: You also  
talk about, and my colleagues have questions, but  
in early 2011 you're going to have a report about  
the Section 8, how you're going to handle that  
whole situation, the Section 8 vouchers.

JOHN B. RHEA: No. If I think what  
you were picking up on was in my formal testimony  
I said the Authority is now beginning a new  
initiative to completely revamp the plan to  
preserve public housing. There was a plan done a  
little over a year and a half ago--is that right--  
that addressed some key initiatives that the  
Authority could take to try and deal with the  
structural deficit. As this committee is well  
aware, one of the key components of that plan was  
the conversion of 8,400 units from public housing  
to Section 8. And as I identified here there are  
risks to that plan and we're not on track with  
that plan.

COUNCIL MEMBER RECCHIA: Right.

JOHN B. RHEA: And I went through

1  
2 all the reasons why. Okay? So, and new things  
3 have happened since then. Federalization became a  
4 reality; it wasn't a possibility when that plan  
5 was adopted. We have--obviously I wasn't here  
6 when that plan was adopted. We are taking a  
7 comprehensive, strategic planning exercise to the  
8 Authority, both in terms of revenue options as  
9 well as in terms of cost opportunities, and the  
10 model in which we employ to go to market to serve  
11 our residents and our customers, and how we can do  
12 that in a different partnership structure than  
13 we've done in the past.

14 So there's a lot that's changing  
15 fundamentally about our top line, our cost, as  
16 well as how we serve people from a model  
17 perspective. All of that is going to get baked  
18 into a new plan to preserve public housing. Our  
19 goal, we've already launched the planning phase of  
20 that. Our goal is to complete that effort by the  
21 end of this calendar year so that we'll be in a  
22 position to roll it out to the public in early  
23 2011, including coming to City Council to talk  
24 through many, many measures of that.

25 I want to be clear, that's not

1 something we have any intention of doing it in the  
2 dark and letting it be a mushroom that grows. We  
3 plan to work with you and work with advocates and  
4 work with our residents, as well as many other  
5 members of City Hall, to come with a plan that  
6 people feel is solid, sound and that preserves  
7 NYCHA for the next 75 years.

8  
9 COUNCIL MEMBER RECCHIA: Okay.  
10 Under federalization, you said you're taking, I  
11 believe it was \$13 million, for operating costs.

12 JOHN B. RHEA: No. So--the \$13  
13 million that's on the screen right here.

14 COUNCIL MEMBER RECCHIA: Yeah.

15 JOHN B. RHEA: As you heard, it's  
16 announced today as part of our federalization  
17 initiative. Congress, through the hard work of  
18 Congresswoman Velazquez and Senator Schumer, were  
19 able to get \$65 to \$75 million of incremental  
20 appropriation put into the public housing funding  
21 formula that is for NYCHA. Okay? And so, you  
22 know, whether it's \$65 or whether it's \$75 depends  
23 on, you know, tenants' income, our operating costs  
24 and a whole host of things. But there's up to \$75  
25 million in every operating budget going forward to

be appropriate to NYCHA, assuming 100% funding for HUD overall, for public housing authorities.

That equates to \$13 million in this calendar years, because it has been put in Congress's, the federal government's, fiscal 2011 budget, which begins in October. And therefore we couldn't get it until it's in their first month, which would be in October, which means we will get it for October, November, December. So the run rate of \$13 million, the actual amount of \$13 million is basically three months of \$65.

COUNCIL MEMBER RECCHIA: Oh. So that number could go up for next year, after the first three months.

JOHN B. RHEA: It can't go up at 2011; it will go up to--

COUNCIL MEMBER RECCHIA:  
[Interposing] Right. That's what I mean.

JOHN B. RHEA: --no more than \$75, but we estimate it to be roughly \$65. Right.

COUNCIL MEMBER RECCHIA: So it can go up to, up to \$65 million.

JOHN B. RHEA: That's correct.

COUNCIL MEMBER RECCHIA: All right.

JOHN B. RHEA: Of which, just again for the detail for this group's edification, the \$65 to \$75 million is total, which is split between operating and capital. In our budget we have \$55 million for operating, \$10 for capital, and that's why 13 times 4 is 55. And then there's \$10 million of it--that prorated component of \$10 million that's in our capital budget as well.

COUNCIL MEMBER RECCHIA: All right. So \$55 million can go towards operating, \$13 million goes for capital.

JOHN B. RHEA: 10. 55--

COUNCIL MEMBER RECCHIA:  
[Interposing] And 10 for capital.

JOHN B. RHEA: Right. It's 65. It could go as high as 75 with that same prorated split between operating and capital.

COUNCIL MEMBER RECCHIA: And when will you know how high?

JOHN B. RHEA: It's going to fluctuate from year to year. You know, we'll know based upon, you know, what the rates--

COUNCIL MEMBER RECCHIA:  
[Interposing] And how long do you have this for?

JOHN B. RHEA: In perpetuity. It's been--it's now, by accepting these almost 12,000 units of the City and State developments into the funding formula, they will now get their fair share of funding every year from HUD. And so what we're telling you is that there is a certain estimate that HUD had to make. You know, Secretary Donovan and his team had to estimate how many units would come in, and what cost does it take for NYCHA to operate them, and what will the average incomes of each of those tenants be, and therefore how much would their rents be at 30% of their income, and then how much does that leave in terms of operating funding gap that they would have to make up. That's a lot of heuristics; they made a rounding, you know, judgment up to \$75 million to ensure that there would be enough allocated to support the NYCHA developments. Whether it's \$65, \$62, \$72, you know, it's going to move around.

COUNCIL MEMBER RECCHIA: Is this money just for the 21 developments or for all NYCHA?

JOHN B. RHEA: That's correct.

This is just--it's just--it's being--

COUNCIL MEMBER RECCHIA:

[Interposing] For the 21.

JOHN B. RHEA: It's being, quote  
unquote, appropriated to support those, but it  
comes into NYCHA.

COUNCIL MEMBER RECCHIA: I  
understand. So you can use that money for  
anything you want; it goes into the NYCHA general  
budget.

JOHN B. RHEA: With certain  
restrictions, the answer is yes. Because of the  
way we've structured this, there's a certain  
amount of, you know, prioritization on how the  
money comes in, where it goes first, and then when  
it falls through after supporting certain levels,  
and then we can use what's left over.

COUNCIL MEMBER RECCHIA: Okay. I  
don't want to take up any more of your time. Many  
of my colleagues have other questions. But I'm  
going to follow up with a letter to you to sit  
down and have a conversation with your staff,  
exactly what the priorities are. Because I think  
that's very, very important--

JOHN B. RHEA: [Interposing] Sure.

COUNCIL MEMBER RECCHIA: --to my colleagues and I, if certain priorities are given to certain housing developments. And we would like to know exactly which ones have the priorities. We'll follow up with you on that. Thank you very much.

JOHN B. RHEA: That's fair. Thank you.

CHAIRPERSON MENDEZ: Council Member Arroyo, followed by Melissa Mark-Viverito.

COUNCIL MEMBER ARROYO: Thank you, Madam Chair. I was recently added to the Committee. I'm glad to be a member, and I look forward to working with you and the Authority.

One of these City/State developments is in my district. And I think one of the concerns that I heard, because I attended that telephone conference that you had some months back at the various developments, the perceptions of my constituents is that this is NYCHA's first move to privatize public housing. How do we respond to those who have that concern and raise that fear?

JOHN B. RHEA: I would like to respond, very directly, by saying that we are taking every action in our power to ensure the preservation of low income public housing in New York City. We are committed to retaining every single unit, and we are committed to being an instrumental part of the Mayor's affordable housing plan to develop new low income housing; point one.

Point two; the actions that we've taken in the federalization plan very specifically spell out legal, binding contractual protections for public housing residents. As I mentioned earlier today, in the deed of trust that basically determines what these units can be used for and how they can be used states very clearly that they can only be used as low income public housing. So that is fundamental to the contract and the transfer of the buildings into the partnership.

Secondly, people should take comfort in the fact that they are now federal public housing units, and by being federal public housing units, they have all the protections that HUD and the federal government require to ensure

rights of tenants are protected. And we think that that's certainly a significant improvement over where these units were before, as basically City and State agencies that didn't have those same federal protections.

Third, as we take money, both operating and capital support from HUD, there is a requirement that there is an extension on the time in which, since you've taken that money that they would have to be maintained as federal housing.

COUNCIL MEMBER ARROYO: How long is that?

JOHN B. RHEA: Well, we can come back with all the details, but the bottom line is every year you take money, there's a ten-year extension. But there's already 40 years until, then you take it, then it's ten more years, so there's--

COUNCIL MEMBER ARROYO:  
[Interposing] Is there a plan for--

JOHN B. RHEA: [Interposing] Can I finish?

COUNCIL MEMBER ARROYO: Well, I'm just trying to respond to the concerns of my

constituents that live in that development have raised.

JOHN B. RHEA: There's just two really important points that I want to make. The other point is that--

COUNCIL MEMBER ARROYO:  
[Interposing] Did you say brilliant?

JOHN B. RHEA: No. Important.

COUNCIL MEMBER ARROYO: Oh, okay.

JOHN B. RHEA: No, I wouldn't--if they were it wouldn't be because I thought of it. The requirement now to be a new resident of these 21 City and State development has a higher or more strenuous income test than they currently have, before becoming federal units. Before you could have 80% of AMI and be admitted as a low income resident into these units. Going forward you have to--you can't make over 60% of AMI. So this transaction that we've done has actually made it more favorable, beneficial. The test is even tougher in terms of proving that you are a low income resident in order to qualify for these units going forward. It doesn't mean that anybody who is there has to move out if they're above 60%

1  
2 of AMI, it just means that new families coming in  
3 will be under a much more stringent test. So what  
4 I say to people who are concerned about that, I  
5 say that we have actually taken affirmative steps  
6 to ensure affordability.

7 COUNCIL MEMBER ARROYO: Is there a  
8 plan to come out to the developments and talk to  
9 the tenants and answer the questions that are  
10 coming up? The perception is what it is; very  
11 suspicious of government and don't trust any of  
12 us. They think we're all lying to them. So I  
13 think it's important. There's a great amount of  
14 fear and concern among the residents that needs to  
15 be dealt with moving forward in a very proactive  
16 way, so that we can get past the fear that may  
17 continue to perpetuate this perception. And so  
18 that I think direct communication with the  
19 tenants, and not through a telephone conference,  
20 so that there are people standing, answering  
21 questions. So I am committed to bringing those  
22 tenants together whenever it is necessary for that  
23 thing to happen, as quickly as possible, because  
24 the news went out today; and we're all  
25 celebrating. I think we all support the proposal,

1 because otherwise what options would you have?  
2 But the concern on the community level is very  
3 real.  
4

5 JOHN B. RHEA: And we share that  
6 concern. We understand that concern. I just--not  
7 to pat NYCHA on the back, because we can always do  
8 a better job, but the teleconference was only one  
9 of many communication mediums and initiatives that  
10 we've taken. I personally have been--to answer  
11 your question, yes; we plan to go to all 21  
12 developments. I've personally already been out  
13 to, you know, six or seven of the 21 since we  
14 announced this. I'm going tonight to do a--I was  
15 at Bushwick on Friday, I guess it was. Thursday  
16 night or Friday? Friday night, which is obviously  
17 one of the 21 affected City and State  
18 developments. I have been to a couple in Harlem,  
19 and you know, others in the Bronx. So I've been  
20 getting out to visit the developments that are  
21 affected directly, to only discuss federalization.  
22 You know, I have an hour to two hours of full  
23 presentation Q and A until basically the crowd  
24 says enough. And so we will continue to do that.  
25 And tonight we're actually holding a town hall in

which we will, again, walk through all the details of what our plan is here. We recognize that, you know, not everybody can get to one central location, and so we are going to continue to take the show on the road; but you know, 21 developments is a lot of developments and it's going to take us, you know, more than a week to complete that.

COUNCIL MEMBER ARROYO: I have a few more questions, but I'll leave it at this last one. In your PowerPoint, on page 7 of it, one of the bullets indicates the five-year capital plan counts on continued support from local government. And I've said this to you at a different opportunity, is that I have in the capital request that I submit as a member, three developments that are seeking some video camera surveillance security equipment. And it costs so much money to outfit one building. And that's a real, serious concern, almost \$400,000 to outfit one building. It's a significant amount of money. I think we need to look for opportunities to reduce the costs of us being supportive of NYCHA's capital plan. Because we can certainly do a lot more with less.

1  
2 And it's just really frustrating; I can only fund  
3 two buildings a year in any development in order  
4 to cover as many of them as possible. So it's a  
5 great deal of frustration. And there are some  
6 local community groups that have--that can provide  
7 some of this work at such an incredibly reduced  
8 cost that can provide tenants access on their  
9 television; you know, because they can connect  
10 through the cable, etcetera, etcetera. And you  
11 just open up the net of eyes looking at what's  
12 happening in the lobbies and in the elevators.  
13 So--and if you can provide us a list of the number  
14 of developments--there are 65 developments in the  
15 next five years, 25 in fiscal year 2009 for  
16 elevator work. Which developments, how many  
17 elevators, does that cover all of them, all of the  
18 elevators that need to be upgraded or does that  
19 get us, what--halfway there? How much of the  
20 need--

21 JOHN B. RHEA: [Interposing] It  
22 gets us over halfway. It gets us over halfway,  
23 but we'll get you the details on that.

24 COUNCIL MEMBER ARROYO: Okay.  
25 Thank you, Madam Chair.

JOHN B. RHEA: Yeah, just so you know, St. Mary's, which is your district, is getting elevators.

COUNCIL MEMBER ARROYO: That's the City/Federal project, right?

JOHN B. RHEA: So we share your concern about the cost of cameras. And the fact that we're not getting as much mileage as we'd like to out of what each of the council members have been so diligent about supporting. We appreciate that support and we will continue to look for it as we move forward, because safety is important. And as many of you know, we have formed a safety and security taskforce at NYCHA that incorporates NYCHA management with residents with third party subject matter experts, including people from John Jay College and others who are experts in the field of security and safety. We've been at it now for a couple of months. They NYPD at the direction directly of Commissioner Kelly has put one of their top chiefs on the committee. We've been meeting and doing a lot of hard work with multiple subcommittees. One of the subcommittees is looking at actual capital

investments that other housing authorities have made around the country, as well as other non-public housing authorities have made, large multi-unit buildings, whether it be, you know, Stuyvesant Town or Starrett City and others, who are challenged with similar things that we're challenged with in terms of managing campuses of that size and keeping access to our lobbies and to our stairwells and to our buildings secure. So we've been doing a lot of work on this.

And I've suspended right now purchasing of new cameras and equipment until we actually have not only looked at revising what kind of technology is out there and what's the new cost and how do we update all that in terms of both modernized technology and also better costs; but until we have a full plan around our safety and security taskforce effort.

They were just out in Newark last week seeing what had been done there with keycards, electronic keycard access, cameras and other technology. We want to come back to you with a comprehensive plan as to what safety and security measures we want to take, what capital

measures are needed to support that and what part cameras do or don't play in that effort.

COUNCIL MEMBER ARROYO: Should we not include that in our capital list this year?

JOHN B. RHEA: No, you should include it. I'm just telling you that you should include it. All I'm telling you is that our goal is to get you more from whatever dollar you give us as opposed to less.

COUNCIL MEMBER ARROYO: You scared me for a second.

JOHN B. RHEA: No, please don't take that as a not a need for the money.

COUNCIL MEMBER VIVERITO: Thank you, Madam Chair, and good afternoon to--

JOHN B. RHEA: Good afternoon.

COUNCIL MEMBER VIVERITO: Chair Rhea and the Commissioners. I just wanted to get some clarification questions and express, I guess, some concerns. So going into your testimony with regards to the amount that we're getting from HUD, because you break it down in operational and capital, can you just give us the totals? And maybe it was hidden in here, but I couldn't see it

1  
2 that clearly; in terms of on the operational front  
3 you're saying that we are getting a full subsidy  
4 from HUD, and it's on the capital side that we've  
5 seen a reduction, an 18% reduction. So could you  
6 just give the totals in terms of on the  
7 operational side, what is the total we're getting  
8 from HUD? And then the total number on the  
9 capital side as well.

10 JOHN B. RHEA: \$873 million for  
11 2010 for the operating side.

12 COUNCIL MEMBER VIVERITO: Okay.  
13 And then Capital?

14 JOHN B. RHEA: \$330; \$331.

15 COUNCIL MEMBER VIVERITO: Okay. I  
16 just wanted to get that clearly out. So taking  
17 into account the federalization plan that you've  
18 laid out and the amount that is projected to come  
19 in, at what point, or in what year, your year,  
20 calendar year, is it expected to be kicking in at  
21 100%; meaning that it's done, the upgrades, and  
22 you get a full subsidy that you're expecting back  
23 from HUD. At what point does that kick in?

24 JOHN B. RHEA: So based upon the  
25 contract we entered into with HUD, which actually

Secretary Donovan signed and jointly executed today, so it's real; we will get the full subsidy in the federal fiscal 2011 year. The federal fiscal year, as I said, begins in October. So it's an October through September calculation of the \$65 to \$75 million. So we'll get one quarter of it--

COUNCIL MEMBER VIVERITO:

[Interposing] Right in these next few months.

JOHN B. RHEA: In October, November, December; and then we'll get three-quarters of it in January through September.

COUNCIL MEMBER VIVERITO: So basically this fiscal year.

JOHN B. RHEA: Their fiscal year.

COUNCIL MEMBER VIVERITO: Starting in October.

JOHN B. RHEA: Yes.

COUNCIL MEMBER VIVERITO: Starting in October, you're expecting to get the full--and then every year moving forward it's the same amount.

JOHN B. RHEA: Correct.

COUNCIL MEMBER VIVERITO: For every

fiscal year.

JOHN B. RHEA: That's correct.

COUNCIL MEMBER VIVERITO: Okay.

And obviously that was factored in to your forecast and we still see deficits, so that's obviously--

JOHN B. RHEA: [Interposing]

Absolutely.

COUNCIL MEMBER VIVERITO: Of great concern. Now speaking--I want to talk a little bit or ask questions about this rent collection scenario that you're laying out as a positive outlook, because that's maybe where I'm starting to get a little concerned. Can you describe that a little bit more about what you're seeing there, in terms of the opportunities for dwelling rent collection trends? Describe that in a little bit more detail, what you're looking at. I know you were doing it in phases in prior years in terms of collecting more money on rents, but are you thinking about another steps or is this along the same lines?

JOHN B. RHEA: No. So we, again, we don't have any rent increases budgeted into our

2010 plan or 2011--you know, or beyond in the five-year plan than the rent increases that have already been taken. That doesn't mean we wouldn't have to look at rents at some point. I don't want to sit here and suggest that we won't. We've got 100 plus million dollars of deficit, but that's not part of what we are projecting and forecasting in our plan. What I said though about the dwelling rents that you see showing up as \$21 million, and I said they're tracking ahead, they are about 5% ahead of what we originally estimated that the rent increases would generate. And so that's the part that we saw where we said we are tracking ahead of what we anticipated what would have been the impact on our budget by taking the rent increases last year.

COUNCIL MEMBER VIVERITO: Okay. I think you have to walk me through that again, because I know you were phasing it in, in terms of the--right, what you were--it wasn't necessarily a rent increase. It was more a percentage of what people were contributing, correct, towards the rent? Or was it the actual--

JOHN B. RHEA: [Interposing] It was

1  
2 a rent increase. No, I mean it's not an increase  
3 in the apartments, right. It's their  
4 contribution.

5 COUNCIL MEMBER VIVERITO: In terms  
6 of what their contribution was.

7 JOHN B. RHEA: Right. But, right,  
8 but if the tenant was sitting here they'd call it  
9 a rent increase.

10 COUNCIL MEMBER VIVERITO: Right,  
11 they'll say it's a rent increase. Okay.  
12 Understood. But that was being phased in.

13 JOHN B. RHEA: That's correct.

14 COUNCIL MEMBER VIVERITO: So is  
15 that what you're saying here? Is that alluding to  
16 that phase in?

17 JOHN B. RHEA: No. It's not the  
18 phase--so let's just say, let's say that we had  
19 calculated that it was going to be \$100 worth of  
20 more revenue to NYCHA based upon the rent  
21 increases. And let's say we were going to phase  
22 them in, you know, \$50 in the first six months of  
23 the year and \$50 in the second six months of the  
24 year so that by year end we would have received  
25 \$100 in rent increases. What we actually are

1  
2 finding out is that we got \$105. You know, with  
3 the same phasing in scenario, we ended up with  
4 \$105 instead of \$100, and so it's 5% ahead of what  
5 we had estimated. But, and so that is, you know,  
6 an ongoing impact. It's not a one time. Right?  
7 It's that ahead of where we thought because of  
8 where people's rents are, their incomes and what  
9 they're paying towards our operational costs.

10 COUNCIL MEMBER VIVERITO: Okay.  
11 All right. So, is that--but that's something I  
12 guess you also project moving forward that is  
13 going to continue?

14 JOHN B. RHEA: Well, I mean it  
15 could go the other way, obviously, you know, if we  
16 had significant changes in incomes of our  
17 residents. But right now we anticipate that that  
18 is the trend.

19 COUNCIL MEMBER VIVERITO: So then  
20 I'll leave that there. But then the last thing I  
21 wanted to touch on, because you also mentioned in  
22 your testimony is about the selling, leasing, you  
23 know, different scenarios that are playing out  
24 here. And both have been played out in the last  
25 year. Metro North is in my district, that's a

land lease agreement which is generating revenue. And I really think that that's the best scenario to go moving forward, but you also mentioned in your testimony some selling of land. So NYCHA has come before us before and said that they were looking at and analyzing areas that were under developed, NYCHA properties, and you were deciding what to do moving forward. So I'm trying to figure out what is your overall, you know, in which way are you trending? Is it sale? Land lease agreements? Are you still doing both depending on the situation? I want to understand what your vision is, and maybe if you can lay out in this calendar year or the next what's next?

JOHN B. RHEA: Okay. So the vision for the best series of actions to take, with respect to our underleveraged and underutilized land, is going to be part of the plan to preserve public housing that I mentioned to Council Member Recchia, that we are beginning to do our work on. And we hope to complete--our plan is to complete it by the end of this year, to come back publicly with it early next year. And we're agnostic; we're looking at all of the above. Meaning, are

1 we better off holding land and developing either  
2 more low income housing on it? Are we better off  
3 holding land and jointly developing it as  
4 something else, whether that be a school, whether  
5 that be a health clinic, whether that be something  
6 that either increases the health of our community;  
7 or NYCHA has a residual interest in it so that it  
8 generates ongoing revenue to us without  
9 necessarily, quote unquote, divesting the land?

10 We also are open in looking at do we sell the land  
11 to be used for whatever the acquirer is using it  
12 for? In case of we sold land to the school  
13 construction authority at full value and they're  
14 building a school on it. We sold land jointly  
15 into development agreements in your district, in  
16 the Speaker's district and in many other districts  
17 to develop moderate income housing, and we have  
18 received cash for that. We're going to look at  
19 all of those options and we are going to look at  
20 it through one lens: What set of actions produces  
21 the best set of outcomes and resources to preserve  
22 public housing and to maintain the units that we  
23 have and to develop additional housing units that  
24 will benefit low income New Yorkers. There are  
25

1  
2 going to be some places where I would suspect  
3 where we would look and we'd say we can only get a  
4 couple hundred units of housing on there or we  
5 could get \$50 million. And the answer is take the  
6 \$50 million and go build thousands of housing  
7 units in some other NYCHA owned land. And I'm  
8 sure there are going to be some where we say we  
9 could get money for, but that's so critical to the  
10 resources of that community that we need to  
11 develop a school there. And even though we can't  
12 get full value for that piece of land as it  
13 relates to dollars, the overall value to the  
14 community is high, and so we'll make that  
15 decision.

16 So we can't look at this as, you  
17 know, each one as a one-off transaction. We need  
18 a full portfolio of options, and we need to  
19 estimate what that portfolio does in terms of  
20 generates proceeds today for capital improvements  
21 that I told you are \$7.5 billion in need. We have  
22 \$2.5 billion; therefore we've got to find \$5  
23 billion to close the gap. And we need to look at  
24 the operating line, which I told you is \$100  
25 million underfunded, and think about what series

of actions can bring ongoing revenues to improve and enhance our revenue streams. So we have to look at a total package, comprehensively. I can't answer that for you today.

COUNCIL MEMBER VIVERITO:

Understood. You know, we definitely have had this conversation in the past. We've had hearings on it. It's something that I feel very strongly about. So I really would like there to be a level of collaboration--

JOHN B. RHEA: [Interposing] Sure.

COUNCIL MEMBER VIVERITO: And dialogue.

JOHN B. RHEA: [Interposing]  
Absolutely.

COUNCIL MEMBER VIVERITO: Because I think we have some good ideas and we have committed council members here who are very committed and have consistently demonstrated their commitment to the affordability and preservation of public housing. And so we want to be part of that conversation.

JOHN B. RHEA: And I commit to you that we not only will be transparent with that

process, but we will seek the City Council's input as we move forward.

COUNCIL MEMBER VIVERITO: Now just lastly--I'm sorry, I know--but going back to the dwelling rent situation. I had engaged in some very preliminary conversations with both HPD and HDC. You know, we all know the list in terms of the waiting list for people to get into public housing. I believe that public housing, you know, first and foremost should be for our low income communities, although I understand and I value the benefit that as communities we have with integrated housing in terms of -- with incomes to income. But really, understanding the real need that we have for low income housing, and that is really in essence what the Authority was set up to do, that to the extent that there can be some really constructive dialogue between NYCHA, HPD and HDC to really let public housing residents that maybe might be eligible for housing that is coming online through HPD projects, you know, to really kind of release some of the units for people who are on the waiting list who really are in need that may not fall within the income

1  
2 criteria of the HPD projects that are going  
3 online. You know, there seems to be some interest  
4 on their end to seeing if there's ways of really  
5 announcing or getting that information out to  
6 public housing residents, as of way of them being  
7 able to take their next step. You know, families,  
8 maybe in some cases it's housing, home ownership  
9 opportunities, in some cases it is rental housing.  
10 But maybe a somewhat stronger partnership can be  
11 established within the agencies to communicate  
12 what opportunities exist, and maybe affording  
13 people on the waiting list that have been there  
14 for a while, you know, opportunities for public  
15 housing something that we could pursue.

16 JOHN B. RHEA: Well, it's a great  
17 suggestion and those are the kinds of ideas that  
18 we would like to engage the City Council on and  
19 have had conversations, you know, very preliminary  
20 conversations, with many of you about this. I  
21 mean part of what we're discussing with HPD and  
22 others is how to get velocity in our turnover, and  
23 not in a way in which destroys the communities,  
24 though. So for example, obviously we have seniors  
25 that are living in under occupied apartments, one

person in a three-bedroom apartment. You know, they've been there for 50 years; they don't want to leave their community. We understand that. We appreciate that. We have to be sensitive to that. At the same time, we need to create velocity. We need to find a way to move seniors, to remain in their community, but to develop housing right there in the community that supports their needs, both in terms of the size of the units but also in terms of the supportive services that they need. That's one way. Secondly, we need to have more moderate income housing for families in NYCHA developments who can afford to move to a moderate income HPD type apartment that then will free up that unit for a low-income family formation that can't afford an HPD and doesn't have the credit to do an HPD type of apartment. And then lastly, we need to deal with the chronic issues around homelessness and how we can have some form of maybe non-traditional market rate housing that actually is transitional housing. There's a whole series of things we need to have as part of our plan to preserve public housing that is interrelated to HPD, DHS and others in order for

1  
2 this to be a robust plan. There's financial  
3 reasons why we should do that. Both the Authority  
4 in terms of opportunities for us, but there's also  
5 long-term sustainability communities and why we  
6 need to do that. And we look to work with you on  
7 those ideas. It is absolutely part of what we  
8 were considering for the new plan.

9 COUNCIL MEMBER VIVERITO: All  
10 right. Thank you.

11 CHAIRPERSON MENDEZ: Council Member  
12 Chin, followed by Councilman Dan Halloran.

13 COUNCIL MEMBER CHIN: Good  
14 afternoon, Chair.

15 JOHN B. RHEA: Good afternoon.

16 COUNCIL MEMBER CHIN: It was a  
17 pleasure being there this morning with you at one  
18 of the complexes in my district, at Rutger Houses.  
19 And I think it's really good news that from now on  
20 we will have extra money, more money coming from  
21 the federal government to really help not just the  
22 State and City run projects, but all the projects  
23 throughout the City. I wanted to just continue  
24 the point about the rent issue, because I mean  
25 that was a big issue that a lot of the residents

1  
2 were complaining about and were scared about, that  
3 rents were going up and rent increases. And that  
4 was before I came into office. And so, don't you  
5 look at income certification every year? So do  
6 you anticipate in terms of being able to collect  
7 more rent? And also, I guess my question is, are  
8 you collecting like 30% of the residents' income,  
9 from everybody, at that level?

10 JOHN B. RHEA: No, we are not, and  
11 there are a couple of reasons for that. For the  
12 majority of, you know, NYCHA units, yes, that is  
13 what we collect. Assuming people have income, we  
14 collect 30% of their income. But at a point,  
15 we've also instituted caps, which as you are aware  
16 of, are called ceiling rents, because obviously we  
17 didn't want to push out families that if you were  
18 to charge 30% of their combined income, they would  
19 make a decision to leave NYCHA and move to another  
20 community, where the cost of their apartment would  
21 be actually less than 30% of their income. And  
22 there are cutoffs where--there's a bunch of  
23 analysis that's been done, long before I arrived,  
24 to make a determination where that kicks in and  
25 what's the right level of ceiling rents and so on.

1 I know there are members of this Committee and  
2 others who lived in public housing when there were  
3 no ceiling rents, and their families decided to  
4 move out because of that issue. So we made  
5 certain determinations about how to implement  
6 ceiling rents, which means that there are many  
7 families, for example, who pay 18% of their income  
8 as rent, that the ceiling rent, divided by their  
9 income is only 18%. And those are really  
10 households that are above, you know, 80% of AMI  
11 and right--I have that? Yeah. So that one way to  
12 answer your question.

13  
14 And I hope that was clear, which is  
15 that there are families that are not paying 30% to  
16 stay in public housing. And in general those are  
17 families that have either no income, or families  
18 that have income that is substantially higher than  
19 the average NYCHA family.

20 COUNCIL MEMBER CHIN: But why not--

21 JOHN B. RHEA: [Interposing] And  
22 within that.

23 COUNCIL MEMBER CHIN: Yeah.

24 JOHN B. RHEA: Within that, we also  
25 are not charging--there's a--when we took our

rental increases, we could have taken all of the families up to 30%, leaving aside the ceiling rents, and there's still a number of NYCHA families that aren't paying. They're paying more like 28% or something like that. So there's more money that we could have taken on the families that are constrained by 30% of their income that we haven't fully taken. And that was, my understanding, partially to respond to some of the concerns that City Council had on the impact of rent increases on residents.

COUNCIL MEMBER CHIN: I guess ultimately you do have to look at that in the long term, because there are--I mean there are families living there who might be able to afford it, and should contribute up to that. And I think a lot of people who are applying for government subsidized housing understand about 30% of your income, and a lot of people who are living right now, outside in the community who are paying 50% or more of their income for rent, and they are on the NYCHA waiting list.

JOHN B. RHEA: 30% of--29% of New Yorkers are paying more than 50% of their income

1  
2 for housing in New York City, so we certainly  
3 recognize that families who are not paying 30% of  
4 their income, it's regressive. In one respect  
5 they have to balance that against other issues  
6 that this Council and advocates have brought up to  
7 try and deal with the impact of rent increases on  
8 families. It is absolutely an issue that has to  
9 be looked at, which is why I've stated very  
10 clearly, although we don't have any plans for  
11 rental increases in the budget we're proposing,  
12 rental increases in a fair and distributed way  
13 have to be evaluated as part of our overall plan.

14 COUNCIL MEMBER CHIN: Okay. The  
15 other thing I want to ask is like, in the past you  
16 have used your reserve to close budget gaps.

17 JOHN B. RHEA: Yes.

18 COUNCIL MEMBER CHIN: So are you  
19 thinking about using that, the HUD mandated  
20 reserve for the FY 210 and '11?

21 JOHN B. RHEA: We're not. We are  
22 at a point where we are literally, as you said, at  
23 the HUD mandated reserve limit, and we don't have  
24 additional reserves to use to close the gap. So  
25 the short answer is, no.

COUNCIL MEMBER CHIN: So, what about transferring some of the capital funds into expense to help kind of manage the gap?

JOHN B. RHEA: We would certainly have to look at that in 2010. It is something that from my background, it is hard for me to stomach. You know, your capital account should be protected in fidelity to the extent that it can be. At the same time, especially when we know it's substantially under invested in over a long period of time, yet we recognize we can't employ additional reductions in headcount of NYCHA staff. We need to go the opposite way; we need to invest in staff. So there are a series of things that you might do in a different environment, in a different business that we can't do here. And, you know, utilizing the capital account has been something that the authority has had to do in the past. I asked in our initial budgeted forecast that we not look at that as a tool, at least in the immediate term. But it is something, obviously, that will remain on the table until we come up with another alternative. But it is not currently projected to be, you know, part of the

actions we're taking. But it's obviously something that we've had to employ in the past, and we can't rule it out at this stage.

COUNCIL MEMBER CHIN: Okay. I think one last point is on the security cameras. I mean, the building that you were there today, some of the buildings got cameras and some didn't, and the one that didn't actually had an incident a couple of weeks ago. So the tenants are all really quite concerned. And I think that we have to figure out how to better utilize the money for the cameras, whether some could be in the buildings or some could be on the peripheral, if it's less expensive. At least you'd have something there that could deter crimes in those projects. And I think in the City Council we're willing to work with you to make sure that they are safe for the residents.

JOHN B. RHEA: So one of the things that again, we'll come back to you after the work that we're doing on the safety and security task force, is that we've been, again, benchmarking and talking to a lot of people. Cameras is one only element of reducing crime and increasing the sense

of security and safety in residential buildings. Some investments in people could go a long way to be even more effective than cameras. And so we have to have the right balance between capital investments in equipment and cameras or equipment and electronic security access, with good old fashioned human capital, like people who are in our buildings, in our lobbies, on our premises that actually provide eyeballs and security techniques to ensure safety of residents. And we're trying to look at those, that portfolio of options, in order to come back to you with a recommendation.

COUNCIL MEMBER CHIN: Well, I actually agree with you about human capital. I mean, it's the tenant patrols that's really at the--the buildings that have really active tenant patrols are the safer buildings. So, thank you.

JOHN B. RHEA: Thank you.

CHAIRPERSON MENDEZ: Council Member Halloran?

COUNCIL MEMBER HALLORAN: Yes. Thank you, Madam Chair. I'd just like to direct you back to your page 5 of your presentation.

JOHN B. RHEA: I'm sorry. Of my PowerPoint or of my--

COUNCIL MEMBER HALLORAN:

[Interposing] PowerPoint. Just looking at the numbers, it seems to me, and perhaps you can explain it to me, that the intention of the Section 8 program was to keep the number of vouchers consistent with your subsidies, plus whatever the City component would be, the federal subsidies. Why did we experience such an overage in the number of vouchers, knowing that the numbers we were going to be allotted from the federal government was going to be limited to 98,000? How is it that we wound up so far over that you incurred those overages?

JOHN B. RHEA: So I presented this at the City Council Section 8 hearings a few weeks back. A couple of things; there's dollars and then there's actual vouchers. We had on the actual voucher side a couple of things happen. First was there was a committed effort in 2007-- the waiting list was opened in 2007? 2006. To open NYCHA's Section 8 waiting list for the first time. We found that the waiting list had become

1  
2 very stale, that many of the families that we were  
3 calling actually were not either up to date or  
4 eligible for certification. And so NYCHA made a  
5 decision to open the waiting list. That was  
6 driven by an additional goal, which is to get  
7 NYCHA into compliance as a high performing housing  
8 authority as it relates to our Section 8 program.

9 In order to be a high-performing  
10 housing authority in your Section 8 program, you  
11 have to have 95% utilization. So if you get 100  
12 vouchers, you have to have 95 of them active. At  
13 the time, NYCHA had somewhere close to 70  
14 something thousand vouchers active on a program of  
15 99,700. And so, as there's no way we were doing a  
16 couple of things--making those vouchers available  
17 as efficiently as possible to families who could  
18 use them, particularly in these times, and we  
19 weren't being designated as a high performing  
20 housing authority as related to voucher  
21 utilization.

22 And so the waiting list was opened  
23 and there was an aggressive push to get vouchers  
24 out on the street, in the hands of Section 8  
25 eligible tenants and getting them into units as

1 quickly as possible. That meant that in 2007, in  
2 2008 we had some very aggressive ramp ups. And at  
3 one point in time, I want to say the number was  
4 there were 15,000 new people added last year,  
5 there was a similar number added in 2008, and you  
6 know, less than that in '07 because it wasn't a  
7 full year. So the program was ramping up very  
8 aggressively.

9  
10 We had a certain--this is a game of  
11 estimating. We came into the year with certain  
12 expectations about how many vouchers were out on  
13 the street, that families would actually complete  
14 their search process in their six months, based  
15 upon historical data, and therefore would go from  
16 having a voucher to actually being in a home, and  
17 therefore that voucher actually being turned on.  
18 We had certain assumptions about what the  
19 attrition rate would be, about families who were  
20 on Section 8 who would actually fall off Section 8  
21 because their incomes achieved a level that made  
22 them no longer eligible, or they left New York to  
23 move somewhere else. A whole host of things that  
24 drives attrition, and that number went anywhere  
25 from 6% to 8% in traditional historical attrition,

all the way down to 3% in 2009. So the number, if I had to point to one thing that's principally responsible for us overshooting, it's that the attrition rate in and of itself is the reason. On a 100,000 program going from 6% to 7% down to 3% is roughly 3,000 vouchers. And as you see, we're only a couple of thousand vouchers over our limit.

COUNCIL MEMBER HALLORAN: Okay.

JOHN B. RHEA: So there's a whole bunch that really went into it, but if you want me to simplify it for you, that variable alone.

COUNCIL MEMBER HALLORAN: Now you also mentioned that prior to 2007, your utilization was at 70 or 75,000 when you were allotted 98,000. Is that accurate?

JOHN B. RHEA: That's correct.

COUNCIL MEMBER HALLORAN: Okay. Was there no effort at that point to purge or to clean up or to make un-stale those rolls in order to get yourself into a situation where the full utilization of the government available funding was there?

JOHN B. RHEA: That's what opening up the waiting list was all about. I mean that

1  
2 was a coordinated, orchestrated effort to purge  
3 the list of people who basically no longer  
4 qualified, or who had found other housing  
5 alternatives, and to make sure that that list was  
6 healthy and current as opposed to stale.

7 COUNCIL MEMBER HALLORAN: When it  
8 dropped to that level, do you know how long it had  
9 been at that level for, of underutilization?

10 EARL ANDREWS: Earl Andrews, Vice  
11 Chairman. If you look back to what the real  
12 estate market was doing back in those days,  
13 landlords were not renting.

14 COUNCIL MEMBER HALLORAN: Right.

15 EARL ANDREWS: And we had to start  
16 an aggressive program to go out and get brokers to  
17 get people placed. We had--people couldn't get  
18 their vouchers. So we had to come up with  
19 programs to try to get them used. And then we  
20 also moved forward with the opening up of the  
21 list. So there were a lot of dynamics going on in  
22 the Section 8 market.

23 COUNCIL MEMBER HALLORAN: Are there  
24 mechanisms in place to track and to ensure that  
25 you don't have under utilization again, as they

1  
2 did in 2007? By that I mean, for example, you  
3 indicated you were at 70, 75,000 versus your  
4 99,000. Is there some mechanism in play now that  
5 alerts you, flags you, says, hey, wait a minute,  
6 we have 103,000 vouchers out there and only 80,000  
7 are being used. Is there a mechanism in place for  
8 that?

9 JOHN B. RHEA: The nature of the  
10 program is such that it's very difficult for us to  
11 estimate, you know, what's going to happen to  
12 individual's income. That's just the reality of  
13 the program. And so in order to kind of have 95%  
14 utilization, you know, you have to put a certain  
15 number of vouchers out on the street, and hope  
16 that your, kind of, forecasting process on what  
17 average tenants' incomes are going to be, what the  
18 average fair market rental, average rental rates  
19 are going to be in that marketplace, will get you  
20 to a number that you are both not only not over  
21 your voucher cap limit, but also you don't run out  
22 of money in the actual program. Because again,  
23 the dollars are one thing, the number of vouchers-  
24 -

25 COUNCIL MEMBER HALLORAN:

[Interposing] Can I ask you something--

JOHN B. RHEA: --are the other and you've got to manage. And that's why there are two different lines on there. There's dotted one, which is the theoretical line; and then there's the solid one, which is what the actual dollars say we should have in terms of vouchers outstanding to not go over the dollar amount. That's something that we have to toggle back and forth between. The only thing I can tell you is, there is one other variable, which housing authorities use to try and stay within that. And one of them is what they call the reimbursement rate. And we--you can take it all the way down to 90%, which gives you the ability obviously to ensure that you have room in your dollars in addition to in the number of vouchers to play with. And given the expense of New York and the fair market rents we use in New York, versus what we're actually seeing in terms of cost of renting in New York, that's not been something that we've historically chosen to do in terms of take people down to 90% reimbursement levels. But again, it's one of the things that if we're going to run a

1  
2 program of this size, 95% performance, you know,  
3 it's one of the variables that we have to take a  
4 look at.

5 COUNCIL MEMBER HALLORAN: And I  
6 would say that since the federal money is not tied  
7 to a specific local number, that creates a huge  
8 disparity for those who are here in New York City.  
9 And I'll deviate from the party line, so to speak,  
10 just for a moment, and say that it's clear that in  
11 New York City the cost of living difference is so  
12 tremendous, so tremendous across the board--it's  
13 not just in housing--but in every aspect of life,  
14 that this can have an incredibly disparate impact.  
15 And that's something that in budgeting, we have to  
16 be aware of, because obviously the feds aren't  
17 going to do it for us. You'd agree with me?

18 JOHN B. RHEA: Fair enough. Yes.

19 COUNCIL MEMBER HALLORAN: The other  
20 question I had just relates to your line item  
21 budget from '09. It indicated, I believe, that  
22 you had done a capital transfer to the operating  
23 budget of about 76. Is that it?

24 JOHN B. RHEA: That is correct.

25 COUNCIL MEMBER HALLORAN: Okay. In

1 terms of overall projects, now that there are 21  
2 units that are no longer solely within the purview  
3 of the City and have been transferred into the  
4 federal budget, can you anticipate that there  
5 would be any reduction in your capital needs based  
6 on the fact that those 21 are no longer on your  
7 books? And the second part of that is, is there  
8 additional funding available, based on those 21  
9 units being in there, on the capital side, which  
10 was not previously?

11  
12 JOHN B. RHEA: First, I want to  
13 correct the first part. We are still responsible  
14 for those 21 City and State developments, and we  
15 have all the same responsibilities around capital  
16 as we had historically.

17 COUNCIL MEMBER HALLORAN: Okay.

18 JOHN B. RHEA: The second part is  
19 the good news, which is there is additional money  
20 that we are going to be receiving to support the  
21 capital needs of those buildings in the \$75  
22 million that I talked about. A portion of it is  
23 for operating and a portion is for capital. And  
24 as I mentioned on what we are assuming, which is  
25 we're not going to get the full \$75, but at \$65

1  
2 for operating, \$10 for capital. So you could just  
3 kind of prorate that up to \$75 and it would kind  
4 of be a similar breakout.

5 COUNCIL MEMBER HALLORAN: Okay. I  
6 appreciate your testimony. I would like to just  
7 echo what Chairman Recchia started to discuss with  
8 you and just to keep in mind. We know that the  
9 State budget is going to be in a huge shortfall.  
10 It's very difficult for you to come here and say  
11 that in May you're going to revisit the budget  
12 situation and not raise, sort of, questions that  
13 are going to be financial questions that obviously  
14 the finance chair is going to be having to look  
15 at. Is there a provision in your planning as it  
16 exists right now; maybe it's not reduced to an  
17 actual budget, maybe it's not reduced to a hard  
18 plan, but a contingency for the doomsday scenario  
19 that we project the State having, given the  
20 circumstances in Albany right now.

21 JOHN B. RHEA: Again, I'm going to  
22 take this as I didn't do a good job of explaining  
23 exactly what we came here and presented today.  
24 What we have presented today is NYCHA's current  
25 forecast of its 2010 year. Okay? As of, we sit

here today, that is what we believe our year is going to look like. We're not punting and saying, we'll come back and say you later. We're saying we've got a \$103 million hole. Okay?

COUNCIL MEMBER HALLORAN: Does that include the generally accepted projections of the State deficits that we anticipate passing through?

JOHN B. RHEA: Remember, I showed you, we don't get--other than the money that the State approved, the \$42 million that they approved to move from the modernization money--

COUNCIL MEMBER HALLORAN:  
[Interposing] Right.

JOHN B. RHEA: --into the federalization plan, which is signed off on. And we--

COUNCIL MEMBER HALLORAN:  
[Interposing] So it's a done deal.

JOHN B. RHEA: It's a done deal. You know, other than that the State doesn't give us money.

COUNCIL MEMBER HALLORAN: Okay.

JOHN B. RHEA: So I want to be very clear. This is not a punt. This is NYCHA's

current forecast based upon our 2010 budget that we adopted last year, updated for today where we sit, and the board will completely take a series of actions between now and when we see you in may to try to do a better job of getting 103 down to zero. It won't get to zero, but then we will come back and tell you where we are. It's not as if, you know--we're not holding back anything.

COUNCIL MEMBER HALLORAN: Okay.

JOHN B. RHEA: We need help, \$103 million.

COUNCIL MEMBER HALLORAN: Thank you, Mr. Chair. I appreciate that very much.

JOHN B. RHEA: Okay. Thanks.

CHAIRPERSON MENDEZ: Thank you.

Council Member Reyna, followed by Council Member James.

COUNCIL MEMBER REYNA: Thank you, Madam Chair. And welcome, to the Chairman. I haven't had the pleasure of meeting with you personally, but I did meet with your General Manager Kelly, and I appreciated everything he went through with me. I had commented to General Manager Kelly the issue of previous land

development, possible development, that could be part of the portfolio in the future. And this was established in a point of agreement following the Greenpoint Williamsburg rezoning for Cooper Park. And, you know, we're going into the fifth calendar year, and there has been no progress, no discussion. You know, HPD never consulted with NYCHA at the time in 2005, where conversations and dialogue that should have taken place in a positive affect just turned sour. And so I ask you if you can please revisit with me, as the elected representative there, eager to seek opportunity to develop not just any type of housing, but in reference to the senior housing that Cooper Park has been tirelessly advocating for, with an appropriate social service component. Right now they occupy what was converted from an apartment to a social program. So at max, you're going to see maybe 15 seniors, you know, fed, socializing--because they can't fit anymore. And we have a naturally occurring retirement community at Cooper Park. So that I value your statements as you have been responding and interacting with us, and so I just welcome the opportunity that if

1  
2 I hear you, you will be focusing on those types of  
3 projects; considering there's a Section 202, which  
4 is the senior capital funding, that we can  
5 leverage. And now because of your wonderful  
6 achievement here, I can't even imagine how you  
7 can't get together with that same brain thrust to  
8 be able to deliver such a project.

9 JOHN B. RHEA: So, thank you for  
10 that. Yes, we'd like to talk with you  
11 specifically about Cooper Park, but more broadly  
12 about the applicability of that to many NYCHA  
13 communities, because they're not unique in that  
14 regard. Unfortunately, as part of the plan to  
15 fully fund public housing and some other  
16 affordable housing initiatives, one of the  
17 programs that is not actually getting new money is  
18 the 202 program.

19 COUNCIL MEMBER REYNA: We lost the  
20 opportunity, which is why I made reference to it.

21 JOHN B. RHEA: Right. No, but I  
22 just--

23 COUNCIL MEMBER REYNA:  
24 [Interposing] Back in 2005 that wasn't the case.

25 JOHN B. RHEA: Yeah, that's right.

1  
2 And I was just saying, just one of the assistant  
3 secretaries was here--or the deputy assistant  
4 secretaries--was in New York, speaking at the New  
5 York Association for Affordable Housing breakfast  
6 two weeks ago, and she talked a lot about their  
7 priorities and where they deemphasized things in  
8 order to fund the priorities. One was the 202;  
9 not because seniors aren't important, but because  
10 they didn't think that the 202 program actually  
11 had the best of market alternatives baked into the  
12 way it works. And so they're looking for ideas on  
13 how to revamp the financing of senior citizen's  
14 housing or senior housing.

15 And so, we are going to take a hard  
16 look at how we can actually engage in that  
17 dialogue as it relates to what works and could  
18 work in New York, and I'd like to talk with you  
19 more about that.

20 COUNCIL MEMBER REYNA: I appreciate  
21 that. And just to put it in your radar screen,  
22 the concentration of being able to service our  
23 elderly is very important. And the housing  
24 residence that they occupy, where it's not a mixed  
25 version--so anything less than an assisted living

1  
2 approach, perhaps, you had mentioned medical  
3 facility. Well, that's a quasi medical facility  
4 that can both service on two fronts as opposed to  
5 one. So that I engage you in the near future, as  
6 opposed to later than that.

7           The other aspect is Bushwick Houses  
8 is one of my developments as well, and I'm very  
9 excited to hear about the recent finance mix that  
10 will assist in the development of modernizing  
11 Bushwick Houses and put it into the federalizing  
12 portfolio. The issue I'm trying to understand is,  
13 as far as the Section 8 vouchers are concerned,  
14 were there any that were revoked of the 2,600  
15 families--were any families revoked as far as  
16 their vouchers were concerned, from the  
17 transitioning of public housing to the Section 8  
18 program?

19           JOHN B. RHEA: That's a good  
20 question, which the answer may be in this room.  
21 But let me just explain something to you.

22           COUNCIL MEMBER REYNA: Sure. While  
23 someone's looking for it.

24           JOHN B. RHEA: No, no. As you  
25 know, Section 8 is a choice program. Right? So

these units were not project-based Section 8. They were subject to tenant based Section 8 availability. So we give, you know, Ms. Brown a Section 8 voucher; she can go look anywhere she wants for an apartment, and landlords because of the law that was passed, can't discriminate against her source of income.

COUNCIL MEMBER REYNA: Of course.

JOHN B. RHEA: Therefore, when we give vouchers to Ms. Brown, we can't say, hey, we've got this really nice apartment over, you know, in Bushwick--

COUNCIL MEMBER REYNA:

[Interposing] Right.

JOHN B. RHEA: --that's an old City or State unit that we're converting, we want you to take it. All we can do is market our apartments broadly to the population in hopes that people who have Section 8 vouchers will want to come look at those apartments along with all the other apartment options they have in New York City. So when you ask me in the 2,600 that were terminated, was anyone or any of those vouchers for City and State developments, I can tell you

1  
2 all of them were or none of them were. We don't  
3 know whether someone would have chosen to take  
4 that voucher and use it in a City and State  
5 development.

6           There were some apartments that  
7 were scheduled for inspection, that we obviously  
8 terminated the voucher and so they didn't get  
9 their inspection. But because we control the City  
10 and State units, people who said they wanted to go  
11 into a NYCHA unit literally we could basically get  
12 them in a unit, for all intents and purposes, the  
13 next day, because we had already certified the  
14 unit as being ready for rental. So--

15           COUNCIL MEMBER REYNA:

16 [Interposing] So if I understand what you're  
17 telling me--

18           JOHN B. RHEA: [Interposing] Yeah.

19           COUNCIL MEMBER REYNA: --the units,  
20 let's take a development such as Bushwick Houses,  
21 if there were families that opted for the tenant  
22 voucher--

23           JOHN B. RHEA: [Interposing] Right.

24           COUNCIL MEMBER REYNA: --and  
25 decided to remain in their unit--

JOHN B. RHEA: [Interposing] No, then they weren't affected. That would have happened immediately. And--

COUNCIL MEMBER REYNA:  
[Interposing] So you don't believe, and you're confident that there is no revocation of Section 8.

JOHN B. RHEA: I'm pretty much certain that maybe there's a needle in the haystack, but I don't think so. Because we even honored people whose apartment inspections were scheduled through the end of the year. Right? So when we, we knew we had this problem and we announced in November that we were going to have to terminate these vouchers, there was a group of vouchers that we said we're going to protect these people because their apartment inspections were scheduled through the end of the year or very close to January 1. So we protected all of those people. So if there had been anybody who had said to us, we want to convert and stay in place, they would have had weeks to complete that conversion process. So I don't--no one, I don't think a single person lost their Section 8.

COUNCIL MEMBER REYNA: Right.

JOHN B. RHEA: And they wouldn't have converted until--they wouldn't have received Section 8 until they converted, which means they would be receiving public housing subsidy. So if they hadn't converted, they're still a public housing resident. So I don't--I just don't know how that would have happened.

COUNCIL MEMBER REYNA: Okay. And as far as these 21 developments, you had mentioned in your testimony 25 different developments for modernization. No--yeah, there's 25 developments, 23 contracts have already been awarded--21 have been awarded and 23 have been bidded on.

JOHN B. RHEA: So are we talking elevators now? What are we talking about?

COUNCIL MEMBER REYNA: So we're talking about page number 6, NYCHA has committed \$88 million from stimulus funds and the 2009 capital grant to modernize 251 elevators in 25--

JOHN B. RHEA: [Interposing]  
Elevators, right. So we're talking about elevators.

COUNCIL MEMBER REYNA: And of these

contracts, I just want to understand, how many MWBEs have been awarded, whether that's prime contracts or subcontracts?

[Pause]

COUNCIL MEMBER REYNA: Either category, prime or sub.

JOHN B. RHEA: We don't--I'm pretty sure that we don't have, we certainly don't have any prime contracts for elevators. Subs, we'd have to take a look at. We don't have a breakout here today with us on the MWBE awards for categories. So if you ask me for elevators or brickwork, I can't give you that number.

COUNCIL MEMBER REYNA: What can you give?

JOHN B. RHEA: I can give you the total.

COUNCIL MEMBER REYNA: Of MWBEs?

JOHN B. RHEA: Yeah.

COUNCIL MEMBER REYNA: That are contracted. But on each award you won't be able to?

JOHN B. RHEA: So, for example, on our federalization effort that we announced there

1  
2 is--we have five CM firms, our construction  
3 management firms, of those firms one is an MWBE  
4 firm, Haks, H-A-K-S. That MWBE firm has a total  
5 portfolio of \$25 million.

6 COUNCIL MEMBER REYNA: Out of how  
7 many millions?

8 JOHN B. RHEA: Out of the \$239  
9 million. And then we have subcontractors so far,  
10 that have an additional \$36 million. So you add,  
11 then there's one double counting that I don't want  
12 to double count. Because the one CM actually has  
13 contracted with MWBEs. They have subcontracted  
14 with MWBEs. So the number is \$25 million for  
15 Haks, less \$18 million that they've subcontracted,  
16 which leaves \$7. \$7 plus \$36 is \$43. So there's  
17 \$43 million of \$239 million that's going to MWBE  
18 firms, which is more than 25%. No, yeah. No,  
19 that's right.

20 COUNCIL MEMBER REYNA: I'll take  
21 your word for it. And are there any future  
22 contracts where an emphasis on MWBE contracting  
23 will be foreseeable? Or...?

24 JOHN B. RHEA: I'm listening, go  
25 ahead. I'm sorry.

COUNCIL MEMBER REYNA: No, I just wanted to find out, is there going to be further contracting where an emphasis on MWBE contracting can be delivered for a higher percentage?

JOHN B. RHEA: Well, yeah. I mean, Commissioner Lopez, speak up if you want.

MARGARITA LOPEZ: I just want to point out that we have rules and regulations that require for us to push to acquire more contractors who are in the categories that you're looking for. So much is like that, that during this new Chairmanship that is in the board, we are even enforcing more rules and regulations to get the reports on that. NYCHA also engaged in a very concentrated high level recruitment of new people applying for these kind of jobs from the categories that you're talking about. Then, and go without telling you that the board members are highly committed to this particular issue that you're raising. Then, if you don't see numbers right now, very strongly I suggest that the staff can provide you with all of the numbers. Because we collect them. We have them. And we monitor this very closely. And my expectation is that you

will see increases as you will see increases in companies. That depends also on that. If you have companies that bid on our jobs that are of the categories that you're looking at, then you're going to see an increase. And NYCHA has, as I said, a heavy component reaching out to those companies to apply for our jobs.

COUNCIL MEMBER REYNA: I've never seen advertisement for it, so I just wanted to ask.

MARGARITA LOPEZ: They do, they do like, you know--

CHAIRPERSON MENDEZ: [Interposing] Excuse me, Commissioner. Could you just please identify yourself for the record, because it's been a while.

MARGARITA LOPEZ: I'm sorry.

CHAIRPERSON MENDEZ: That's okay.

MARGARITA LOPEZ: I'm Margarita Lopez, member of the board of NYCHA. We have like job fairs, but instead of being job fairs, we call for different activities where we collect names of different companies that are in the categories that you're looking for. We invite them to

meetings, and we give them information, help them to fill out anything that they need. We give them information about going through the Vendex [phonetic] process. We're really committed to do this.

COUNCIL MEMBER REYNA: Is there any coordination with the Industrial Business Zone in the Mayor's Office?

MARGARITA LOPEZ: I cannot answer that question right now, but we would be more than glad to answer that question to you subsequently; I promise you that.

COUNCIL MEMBER REYNA: Thank you.

MARGARITA LOPEZ: And I promise you that we can give you the numbers that you're looking for.

JOHN B. RHEA: Yeah, I apologize for not having it. Our numbers, and we just were at the State less than ten days ago, where our head of our OBO and Equal Employment Opportunity presented NYCHA's numbers with respect to MWBE and small business activity. Our numbers are significantly ahead of almost every other agency in the State. We also had a local conference here

1  
2 in New York City where we're working with  
3 minority, women-owned, small businesses to  
4 increase their access to NYCHA contracting and  
5 bidding opportunities, which many members of City  
6 Council are aware of. So, this is something we  
7 take very seriously. I apologize for not having  
8 those numbers, and we will get the information to  
9 you.

10 COUNCIL MEMBER REYNA: I look  
11 forward to receiving that information. And just a  
12 note, I'm the new Chair to the Small Business  
13 Committee, and so I'm just trying to get a full  
14 update on how we're doing with MWBE across the  
15 board.

16 And my last question is, how many  
17 Section 3 jobs have been associated to this  
18 contracting of 25 developments, the 21 awards?

19 JOHN B. RHEA: Okay, now are you--  
20 you're back on elevators again?

21 COUNCIL MEMBER REYNA: Yes. And if  
22 there's more, I--

23 JOHN B. RHEA: [Interposing] I have  
24 to get you that number. What I can tell you is  
25 that in 2009, we had 265 Section 3 hires, which

was a substantial increase over 2008.

COUNCIL MEMBER REYNA: Which was what?

JOHN B. RHEA: Substantial increase over 2008.

COUNCIL MEMBER REYNA: Got it. Would it be possible to get a comparison?

JOHN B. RHEA: I can give you the number.

COUNCIL MEMBER REYNA: Fabulous.

JOHN B. RHEA: I'm just not proud of the number. It was 41.

COUNCIL MEMBER REYNA: Fabulous. I can appreciate the 265 now.

JOHN B. RHEA: Okay. And we are projecting that over 350 jobs, Section 3 jobs-- excuse me, 350 jobs will be created by the federalization effort, and obviously we are shooting to have a significant percentage of those be Section 3 as well.

COUNCIL MEMBER REYNA: And that's on top of 265. So we won't be counting--

JOHN B. RHEA: [Interposing] 265 was just last year.

COUNCIL MEMBER REYNA: Correct.

JOHN B. RHEA: So that was, yeah.

This was in addition--

COUNCIL MEMBER REYNA:

[Interposing] This is ongoing job opportunity, the 265 is. It's not going to be enveloped into the 350?

JOHN B. RHEA: No, no.

COUNCIL MEMBER REYNA: The 350 will be on top of--

JOHN B. RHEA: [Interposing] That's correct.

COUNCIL MEMBER REYNA: 265.

JOHN B. RHEA: That's correct.

COUNCIL MEMBER REYNA: And as far as the--there's project development where the work is going to be tailored to the needs of that development and specific training. Is this--are the 350 jobs going to give priority to the residents within their development?

JOHN B. RHEA: Right. So the way it works is, it's, you know, think of it as a series of concentric circles. So first priority goes to people within the development. Second

priority goes to people within the community--

COUNCIL MEMBER REYNA:

[Interposing] District.

JOHN B. RHEA: Third priority goes to the borough; fourth priority goes to citywide.

COUNCIL MEMBER REYNA: Okay. We have NYCHA presenting tonight at Bushwick Houses concerning this. I hope that they're coming prepared so that they can speak about all of this. But I wanted to make sure that I specifically was aware of the details. And is there a percentage concerning the residents, versus the community board, versus the borough that you're trying to meet?

JOHN B. RHEA: No. There's not a percentage versus--we shoot to have, our best effort is to have 30% of the new jobs created go to--

COUNCIL MEMBER REYNA:

[Interposing] The residents.

JOHN B. RHEA: Section 3.

COUNCIL MEMBER REYNA: Section 3.

JOHN B. RHEA: Go to Section 3.

COUNCIL MEMBER REYNA: Yes.

JOHN B. RHEA: And then when you say, well, what does Section 3 mean, we say, well, first we start with trying to have those new jobs go to residents of the development, then residents of the community, then residents of the borough, then residents of the City.

COUNCIL MEMBER REYNA: And I apologize, Chair. I forgot to ask, are there are any headcount reduction? I didn't hear much referred to in reference to headcount reduction. I did hear there may be a point in the maintenance frontline staff?

JOHN B. RHEA: No, no. Are you asking period at NYCHA or with respect to federalization, or both?

COUNCIL MEMBER REYNA: Both.

JOHN B. RHEA: Either way, the answer is we're going in the opposite direction. We are investing in the P&L to hire more people.

COUNCIL MEMBER REYNA: To hire more people.

JOHN B. RHEA: We have to. Right.

COUNCIL MEMBER REYNA: And so we won't see staff reduction, let's say in the social

service component.

JOHN B. RHEA: I don't want to get into individual departments within the agency, and that's not because, you know, there's some plan to reduce the social service staff--

COUNCIL MEMBER REYNA:

[Interposing] Right.

JOHN B. RHEA: --or to reduce any staff. But the bottom line is we need to add frontline staff to NYCHA. Social services has frontline staff, too. And we need to add frontline staff to that as well as we need to do to caretakers. But I just don't want to get into individual departmental discussions. We have to look at the Authority and make decisions to move resources to where they most need to be. There is no plan, quote unquote, to reduce staff. Overall the plan is to add staff, and particularly to add staff in the front lines to service residents directly.

COUNCIL MEMBER REYNA: And how soon will that, all of that structure, take place as far as hiring or redeploying into different areas or...?

JOHN B. RHEA: I can't get into that.

COUNCIL MEMBER REYNA: Okay. Thank you very much.

MARGARITA LOPEZ: Council Member? I just wanted to mention one thing in regard to policy. It's very important to understand that when we talk about creation of jobs, that the creation of jobs should not be tied to where the dollar amount is assigned. Because, you know, it could be that it's a series of developments that are located in the Bronx, let's say, for a period of 10 or 12 years. And if we're going to create a policy that has tied the jobs for the residents only to the people who live in those developments, what that does is to prevent the opportunity for all of the residents of the entire system. And it's very important to look at that policy in a way that is fluid in order to make sure that we give opportunity to everyone, and not just where the money is going to be invested, for the purpose to make sure that everybody has opportunity to get an employment in place.

COUNCIL MEMBER REYNA: Okay.

MARGARITA LOPEZ: Thank you.

EARL ANDREWS: I'd like to add--

CHAIRPERSON MENDEZ: [Interposing]  
And please identify yourself.

EARL ANDREWS: Earl Andrews. I'd like to add to what Commissioner Lopez said, that we have been approached by outside groups who are saying, in effect, they want to be included; they aren't residents, they want to be told where jobs are.

COUNCIL MEMBER REYNA:  
[Interposing] Well--

EARL ANDREWS: [Interposing] Let me finish. So, what that means is, within the context of the way Section 3 is written, you know, we have to make a policy decision. I think the Council should know that given what the economy is like that there are not a lot of jobs here, and you know, I think they do have a legitimate argument about the way the law is written.

COUNCIL MEMBER REYNA: I can certainly appreciate--Vice President--

EARL ANDREWS: [Interposing] so you guys need to know that who have--

COUNCIL MEMBER REYNA:

[Interposing] We're not saying anything different. What I am trying to get at is the fact that 11206 zip code, where Bushwick Houses is, is one of the top ten highest unemployment districts. And so I have much expectation here that this will not just service public housing residents, but residents at large in New York City. And so we're not saying anything different.

EARL ANDREWS: I wanted you to know--

COUNCIL MEMBER REYNA:

[Interposing] Thank you.

EARL ANDREWS: --that the Authority is, we're under--like the Commissioner said a lot of people want jobs from us.

COUNCIL MEMBER REYNA: I--

EARL ANDREWS: [Interposing] The last point I--

COUNCIL MEMBER REYNA:

[Interposing] We've been saying this for a long time.

EARL ANDREWS: [Interposing] --want to make is, in 2008, when our numbers were so low,

1 that our capital was \$269 million, the lowest it  
2 had been in years. We're normally somewhere  
3 between \$350 and \$450. And that was the year that  
4 we cut back on construction. We cut back and we  
5 revamped our whole construction capital department  
6 that year. So that partially can explain it.  
7 We're not proud of that number, but that has a lot  
8 to do with it.  
9

10 COUNCIL MEMBER REYNA: You've come  
11 a long way since I chaired Public Housing  
12 Committee.

13 EARL ANDREWS: Thank you very much.

14 CHAIRPERSON MENDEZ: Thank you,  
15 Council Member Reyna. Council Member Tish James.

16 COUNCIL MEMBER JAMES: Let me  
17 apologize for being parochial and territorial. I  
18 don't have a problem with a policy which provides  
19 priority to local residents in terms of  
20 employment. So I disagree with the position that  
21 has been stated. The reason why I am in this City  
22 Council is to serve the needs of the constituents  
23 that I serve. And they, particularly in the  
24 residences of Ingersoll Whitman, Farragut and  
25 Atlantic Terminal, have been underemployed and

1  
2 suffer great unemployment. So on any project that  
3 affects the public housing in my district, I would  
4 like to see residents that I know and who live in  
5 the neighborhood.

6 That being said, let me just thank  
7 Chairman Rhea for working with the community that  
8 I serve in sponsoring a jobs fair at Ingersoll  
9 Community Center. I just thank you for your  
10 continued support. And also, I look forward to  
11 working with you in the future as we move to do a-  
12 -as we sponsor a college fair in the community  
13 center.

14 I just came from a hearing  
15 sponsored by--another budget hearing with DYCD.  
16 And I was distressed to hear that we are cutting  
17 back on OST, after school funding, cuts in Beacon  
18 programs and our Cornerstone initiative, which  
19 serves community centers in public housing.  
20 Significant cuts as a result of the loss of ARRA  
21 funding, and as a result of the economic meltdown  
22 in our economy. I expressed my opposition, and  
23 hopefully the City Council will restore some of  
24 those funds. And hopefully the Mayor of the City  
25 of New York will restore those funds in his

executive budget, including the elimination of summer jobs, which is of vital importance.

Otherwise, we're going to have a very long, hot summer.

Commissioner, as a Chair of the--I was former Chair of Contracts, where obviously the MWBE is a priority of mine. But now I Chair Sanitation and I'm learning more about waste transfer stations, marine transfer stations and things of the sort. And what I've noticed now, going around the City, is that in NYCHA facilities they use a significant amount of underutilized land, or land for their garbage. And we have all this new technology. And the question is whether or not perhaps we could acquire or look into or invest in this new technology, which would reduce the amount of space that you use to retain your garbage, and thus that land would be available for other purposes. And so have you considered moving NYCHA into the 21st century as it relates to this green revolution which is happening in our economy?

JOHN B. RHEA: I'm going to ask Commissioner Lopez to take that one, since she's

1  
2 spending the most time leading the green effort,  
3 internally, that we're all participating in.

4 MARGARITA LOPEZ: We are taking in  
5 consideration what you are indicating. And we're  
6 looking into the new technology that has been  
7 coming through. Without no doubt I can guarantee  
8 to you that NYCHA is going to be in the forefront  
9 of the green agenda in regard of all of the items  
10 that are of preoccupation to all of you.

11 It may be to surprise of some  
12 people, but we are ahead in NYCHA on the green  
13 agenda, compared to all of the other agencies in  
14 New York City. And that one that you mentioned,  
15 is part of one of them.

16 Now, I want to point out that  
17 includes--

18 COUNCIL MEMBER JAMES:

19 [Interposing] Yes.

20 MARGARITA LOPEZ: --the  
21 participation of residents. That participation is  
22 critical in all of this. And if we don't have a  
23 heavy component in tenant participation and  
24 education, in order to be able to know how dispose  
25 of the recycling material and non-recycling, it

doesn't matter how technologically advance you put in a system; it doesn't pay what you're looking for. Then I would like to make clear that, yes, we are going to go as fast as we can technologically speaking, but the component of education and participation is as critical. And we do need cooperation from all of you in that regard.

COUNCIL MEMBER JAMES: Do you engage in outreach and education?

MARGARITA LOPEZ: Yes.

COUNCIL MEMBER JAMES:

[Interposing] And if so--

MARGARITA LOPEZ: [Interposing] We are creating by development a green committee.

COUNCIL MEMBER JAMES: Okay.

MARGARITA LOPEZ: The green committee that we are creating by development is intended to engage the participation of the resident. That participation is going to be critical not only on the issue of recycling and disposition of garbage in a way that is appropriate, but it also is critical in learning that resources are not unlimited.

COUNCIL MEMBER JAMES: Okay. What about the reduction of your utility costs?

MARGARITA LOPEZ: That's one of the components of the green agenda.

COUNCIL MEMBER JAMES: Are you looking at co-generation?

MARGARITA LOPEZ: Yes, we are. And by changing the systems that we have from boilers hot water heaters, walls, anything that you can imagine that consumers energy, we are looking into that and we are looking into putting new systems that are highly, highly reliable and very much helping us to reduce the costs. But again, on that, I have to tell you the green committee formation, the participation of the residents is critical. Because if we don't reduce and change the way that we use energy, we are not going to win that battle.

COUNCIL MEMBER JAMES: What about the purchase or the acquisition of green products? And did you take recent advantage of the rebates that are available?

MARGARITA LOPEZ: We also have changed our protocols. And NYCHA implemented the

1 first, in the entire City of New York, system  
2 where we are not buying any more equipment that is  
3 for cleaning products and things like that. Our  
4 new policies are very clear. We have changed all  
5 that completely. And we are, as I told you, in  
6 the forefront on all of these items.

7  
8 I'm very proud to be part of this  
9 agency and I am very proud that we have been able  
10 to implement a green agenda like nobody has done  
11 yet in the City.

12 COUNCIL MEMBER JAMES: So the  
13 answer is that you are purchasing energy efficient  
14 products?

15 MARGARITA LOPEZ: Yes. Recently,  
16 for example, we went through the process of  
17 changing in a series of developments,  
18 refrigerators and stoves. We are not buying any  
19 products that are not energy efficient Star. For  
20 example, policies that we have been put in place  
21 to direct the entire system of purchasing, the  
22 entire system of supply and change operation. The  
23 policies are guiding the way that we do it.  
24 Instead of waiting to see what comes through the  
25 process, the policies are saying we need to find

1  
2 out if there's a product out there. And then if  
3 it's not, we need to find the most compatible one  
4 that will help us.

5 COUNCIL MEMBER JAMES: Did you  
6 receive any rebates as a result of purchasing all  
7 of these energy efficient appliances?

8 MARGARITA LOPEZ: The time that we  
9 bought those ones was prior to the rebate was put  
10 in place. Therefore that was not the case in  
11 those ones that I mentioned to you.

12 COUNCIL MEMBER JAMES: In respect  
13 to your pension costs, collective bargaining, are  
14 you renegotiating your collective bargaining  
15 agreement?

16 MARGARITA LOPEZ: I'll go to the  
17 Chair.

18 JOHN B. RHEA: We just completed a  
19 round of collective bargaining back in September,  
20 I want to say. And so we are obviously sitting  
21 down with our labor partners to talk about NYCHA's  
22 financial situation and to discuss options for our  
23 employees participating and improving the  
24 efficiency opportunities. But we are not in a  
25 current collective bargaining negotiation

situation with the unions right now.

COUNCIL MEMBER JAMES: Have you identified the underutilized properties that you might repurpose, which is referenced in your testimony?

JOHN B. RHEA: We're in the process of, as I said, developing that portfolio and segmenting it in terms of, you know, what the options would be for that land.

COUNCIL MEMBER JAMES: Is there a list of projects in the City of New York where you are currently conducting, or you plan on conducting the brickwork, the roof work and not the elevators--I know about the elevators--but brickwork and roof work?

JOHN B. RHEA: We have every dollar of our capital plan is allocated to specific projects and specific buildings and specific items within those buildings. So the short answer is, for our \$2.6 billion, it's all allocated.

COUNCIL MEMBER JAMES: You indicated on page 16 of your testimony, and I thank you, Ingersoll and Whitman was a beneficiary.

JOHN B. RHEA: By the way, and it's on the website. It's on the web. You can access it.

COUNCIL MEMBER JAMES: Oh, it's on the web? Okay, thank you. I'll look on the web. Have you renegotiated your police, the amount of money that we pay to NYPD?

JOHN B. RHEA: We have not.

COUNCIL MEMBER JAMES: Is it possible? And if it's not possible, why is it not possible? I don't understand why we continue to pay for NYPD.

JOHN B. RHEA: Well, we are just abiding by a terms of a memorandum of understanding that was signed many years ago. And we continue to comply with that MOU. And the police department continues to comply with their end of the MOU, and there has been no discussion about the MOU not being in the best interest of NYCHA residents. As I said to you, the NYPD is participating in our safety and security taskforce efforts. They just made substantial changes to the patrol guide and the--the Officer's Patrol Guide, which determines how they, quote unquote,

1  
2 police public housing. And that was done with a  
3 lot of input from residents and from leadership  
4 from the resident team, from the council of--  
5 Citywide Council of Presidents, and making those  
6 adjustments. And quite frankly, everything we're  
7 hearing from residents is they want more  
8 allocation of NYPD services and personnel, as  
9 opposed to less.

10 So certainly I know there are a  
11 number of people who have a point of view on  
12 whether or not the, quote unquote, fees that NYCHA  
13 pays to the NYPD is appropriate or not, but I  
14 haven't heard a single person who has suggested  
15 that the cost of it should go down in terms of the  
16 actual services that the NYPD provides to NYCHA  
17 properties. So I think it's, you know, it has not  
18 been something that has been pursued, and we are  
19 complying with the MOU.

20 COUNCIL MEMBER JAMES: There was a  
21 recent lawsuit that was filed alleging police  
22 misconduct as it relates to the disproportionate  
23 number of stop and frisks that African American  
24 and Latino young men in NYCHA facilities was  
25 experience, including but not limited to young men

1  
2 and women riding their bicycles on sidewalks, and  
3 without identification and for trespass. Did  
4 NYCHA respond to the litigation as of yet? Have  
5 you had an opportunity to review it? Do you have  
6 any thoughts with respect to trespass laws on  
7 NYCHA facilities?

8 JOHN B. RHEA: As I'm sure you'll  
9 appreciate, my response is going to be I can't  
10 comment on--

11 COUNCIL MEMBER JAMES:  
12 [Interposing] Pending litigation.

13 JOHN B. RHEA: --pending  
14 litigation.

15 COUNCIL MEMBER JAMES: In your  
16 testimony you talked a little bit about you  
17 perhaps want to use private equity at some point  
18 in time. Let me just ask another question. Have  
19 you thought about refinancing your debt, given the  
20 fact that, you know, interest rates are really low  
21 these days?

22 JOHN B. RHEA: NYCHA manages its  
23 investment portfolio and our liability portfolio  
24 dynamically, which means on a regular basis. And  
25 so, we take a look at that opportunity, you know,

regularly. And I will ask my CFO to comment on the specifics of that.

FELIX LAM: Thank you. Felix Lam, Deputy General Manager for Finance. By far the largest share of the debt that is held by the Housing Authority is actually debt that's guaranteed by other levels of government. So, we wouldn't have necessarily an active role in refinancing that. The other sizeable debt that's out there is the debt associated with our participation in the capital fund financing program, maybe four years ago now. And those series of bonds taken together hover around 5%. So, you know, given the transaction that we're currently engaged in, those interest rates continue to be comparable with the market, so.

COUNCIL MEMBER JAMES: Right. The State is bonding--it appears that the State is going to get its--it's going to bond itself out of trouble in this year's budget. And so, obviously NYCHA is not part of that bonding? No. Application, consideration?

JOHN B. RHEA: We are not. Although, directly we are not, but indirectly we

are; as the State, as part of the legislation that they passed to allow for the federalization, they also in the legislation they remain committed to service the debt that underlies the State developments, which is roughly \$30 million of outstanding debt that they will continue to service until maturity. So to the extent that they refinance their existing underlying liabilities, you know, some NYCHA debt could be affected by that. But at the end of the day, whatever benefits they derive from refinancing it would accrue to the State because they're the ones why pay the debt service, so.

COUNCIL MEMBER JAMES: Right.

JOHN B. RHEA: But directly, no. NYCHA will not be participating in any way in the bonding that would go to deal with the State's operating budget shortfalls.

COUNCIL MEMBER JAMES: The shortfall in the Section 8 program leaves me with--leaves all of us with Hobson's choice; both are unacceptable. One reducing the Section 8 payment; and or two, terminating recipients from the Section 8 program, which would affect almost

10,000 New York families. I would hope that the federal government would step up and fully fund Section 8 programs. You've talked about one of my heroes, and that's Congresswoman Nydia Velazquez, who has been in the forefront as well as Senator Schumer. Have we heard from the other senator that represents New York State?

JOHN B. RHEA: Senator Schumer has been taking the lead on this particular issue. I've met with him personally to discuss it on multiple occasions. We had a little sidebar again today where we discussed it. Congresswoman Velazquez and I continue to discuss it. Rep. Nadler, as I stated, both Congresswoman Velazquez and Rep. Nadler have put a Dear Colleague together. I would expect, as I'm confident, as part of that effort our other Senator would obviously be part of that Dear Colleague effort.

COUNCIL MEMBER JAMES: Have you had discussions with Senator Gillibrand?

JOHN B. RHEA: I have not personally discussed this issue with Senator Gillibrand.

COUNCIL MEMBER JAMES: Thank you.

JOHN B. RHEA: But our staffs have talked.

COUNCIL MEMBER JAMES: Staff is good, but... Any update on the 3,000 families who had their vouchers revoked?

JOHN B. RHEA: No.

COUNCIL MEMBER JAMES: Do you know whether or not the million dollars that HPD put forward has addressed, has reduced this number, if any?

JOHN B. RHEA: DHS.

COUNCIL MEMBER JAMES: DHS, excuse me.

JOHN B. RHEA: I can't answer that directly today; no, I cannot.

COUNCIL MEMBER JAMES: Obviously I'm concerned, again, going back to my parochial issues, Atlantic Terminal and Cameras. We provided funds for cameras at Atlantic Terminal and I believe Farragut. Ingersoll and Whitman have some but not all. I need to know as I do my capital budget how much funds would be needed to provide cameras to Ingersoll and Whitman. You don't have to do it now. You can send me that

1  
2 information. In addition to that, I need to know  
3 the capital needs for Atlantic Terminal. I see  
4 the president is here in the audience. That  
5 notwithstanding, I just need to know the capital  
6 needs of Atlantic Terminal. Ingersoll and Whitman  
7 is taken care of, which is referenced in your  
8 testimony. Any capital needs, unmet needs for  
9 Atlantic Terminal and Farragut that need to be  
10 addressed? And are they included in the brickwork  
11 and the roof work? And at some point we can talk  
12 about that, and also making sure that local  
13 residents are hired.

14 I believe that I've come to the end  
15 of my questioning, but let me just double-check.

16 You indicated to Council Member  
17 Reyna that the budget gap of \$45 million does not  
18 include any layoffs or any workforce reductions,  
19 but in fact you plan on hiring additional staff.  
20 So how do we close that gap? Through attrition  
21 or..? How do we plan on closing that gap of \$45  
22 million? Why are you raising your eyebrows? Are  
23 you looking at me?

24 JOHN B. RHEA: I'm going to assume  
25 that was an invitation to ask for your help.

COUNCIL MEMBER JAMES: Well obviously we, the City Council has done more than the State, if I might just, you know, pat ourselves on the shoulder.

JOHN B. RHEA: Can I remind the City Council that a couple of years ago the City Council stepped up when NYCHA was experiencing a \$20 plus million shortfall in Section 8. Part of that was also to have NYCHA take additional families on to its Section 8 program. Those families are still being served on our Section 8 program. So although Council gave NYCHA a one-time allocation, there's roughly \$20 plus million in families that are on the Section 8 program that the Council and NYCHA jointly worked together to get housing vouchers to.

And so there's a history, obviously, of local government responding to short term challenges in our Section 8 program. We are going to continue to do all we can at the federal level to request assistance in multiple forms. But one of the things that we can't let happen is to let--to get to the end of the year and have a \$45 million hole without a solution. Because then

1 we actually are in a very difficult--we cannot  
2 allow that to happen in NYCHA. We would have to  
3 take some action in advance of that because we  
4 can't wait until the end of the year to terminate  
5 families and save \$45 million. You know, for that  
6 math to work, we're basically talking about  
7 terminating you know, half the program.

8  
9 COUNCIL MEMBER JAMES: Right. We  
10 will--

11 JOHN B. RHEA: [Interposing] So,  
12 I'd just say that to say we really do want to have  
13 a conversation with the Council about what the  
14 program--where it sits in terms of \$45 million,  
15 what the various options would produce in terms of  
16 savings, whether that's, you know, payment  
17 standards, whether that's, you know, families that  
18 would be affected--all of those things, to look  
19 at, you know those options versus options of  
20 funding it locally or funding it locally plus  
21 federal money. We are looking for your assistance  
22 in this.

23 COUNCIL MEMBER JAMES: Well,  
24 obviously under the leadership of the chair and I,  
25 on one side of her, and Council Member Chin and

Melissa--who is not here--Mark-Viverito on her other side, we will support--

CHAIRPERSON MENDEZ: [Interposing]  
She was here.

COUNCIL MEMBER JAMES: She was here? We will continue to make NYCHA a priority as we have done in the last couple of years.

Private equity concerns me. As you know, private equity in my district in Fort Green and Clinton Hill and parts of Crown Heights, purchased a lot of underperforming properties, of rent controlled, rent stabilized, engaged in patterns of harassment. We were able to organize tenants to a large degree. A lot of private equity companies, as you know, Riverton being one, has gone foreclosure--sold last Thursday. I'm very concerned about private equity, because they're looking for huge returns.

JOHN B. RHEA: Sure. Our approach to that was not the traditional private equity that you're seeing.

COUNCIL MEMBER JAMES: Okay.

JOHN B. RHEA: It's similar to the kinds of things we are doing with federalization

1  
2 around low income housing tax credits, private  
3 capital tax credit equity. So it may have been  
4 written as private equity, but it's just a private  
5 capital. And I want to be clear, we're not  
6 looking to do an LBO, leverage buy out of our  
7 housing developments.

8 COUNCIL MEMBER JAMES: Excellent.  
9 And density; are we looking at density and perhaps  
10 going higher? You know, there's parts of the  
11 district or parts of the City, now they're  
12 building huge buildings--

13 JOHN B. RHEA: [Interposing] Yes,  
14 yes.

15 COUNCIL MEMBER JAMES: --and  
16 perhaps we should consider looking at that?

17 JOHN B. RHEA: Yes.

18 COUNCIL MEMBER JAMES: And  
19 capitalizing on 202 and building--there's a great  
20 need, as you know, for senior housing,  
21 desperately. There's more seniors who  
22 unfortunately are staying in nursing homes longer  
23 and hospitals longer because of the crisis in  
24 senior housing. And so whenever you can identify  
25 any underutilized property, and we could perhaps

1  
2 provide more density, I would be supportive of  
3 that, in addition to my school for young boys in  
4 Downtown Brooklyn, that's a number one priority  
5 for me. I'm sure you read the blogs this weekend  
6 about the school in Texas where 100% of the  
7 children graduated and all were accepted into  
8 colleges. That's what I want in my district, and  
9 I'm looking forward to working with you to achieve  
10 that.

11 JOHN B. RHEA: Thank you.

12 CHAIRPERSON MENDEZ: Mr. Chair,  
13 it's now my turn. I'm not feeling well, so I  
14 don't know how many questions I'm going to ask  
15 you. And I'll also apologize, because I did hug  
16 you and the Commissioner earlier. So if you guys  
17 get sick, I will take responsibility for it. He  
18 was kicking his heels earlier. Yes, you do.

19 So, you mentioned when Council  
20 Member Recchia asked, that your projected budget  
21 deficits for your fiscal year 2010 is \$137  
22 million. This year, 2011, \$126 million and 2012  
23 and 2013 \$132 million each. Right?

24 JOHN B. RHEA: Correct.

25 CHAIRPERSON MENDEZ: So talk me

1 through how we still have these big deficits and  
2 where are you anticipating this coming from? I  
3 know that during the years that I've been in the  
4 City Council, we got the public assistance amount  
5 for public housing raised, but that was being  
6 phased in. So has that been completely phased in?  
7 Has all the rent increases been completely phased  
8 in? And this federalization money, which is \$70  
9 million this year, when do you intend to get that?  
10 Is that being phased in, or its being done maybe  
11 on the federal calendar? And this additional \$65  
12 to \$75 million in the funding formula, which you  
13 did say you're going to get it prorated. So if  
14 all that is coming in, where are we besides the  
15 federal government not funding you dollar for  
16 dollar, where are we getting this deficit from?

17 JOHN B. RHEA: Okay. So, the short  
18 answer is, yes, we have included--no, let me back  
19 up. We have not included the federalization  
20 benefits in the out years. They're not in that.  
21 So they are included in the 2010 year. But they  
22 have not been included in the out years yet.  
23 Okay, so that's point one.

24 CHAIRPERSON MENDEZ: And you'll  
25

include them when?

JOHN B. RHEA: When we come back and see you, because that's when we will adopt a new five-year plan. So the 2010 year will be completely updated, as it was today, to reflect where we see the year finishing, and then four years of additional on the planning horizon will also be updated. So those years will be updated when we adopt the 2010 five year plan. So even though we forecast the 2010 year, which is based upon everything that we anticipate that we can see to today and where the year would finish; we haven't gone through and updated 2011, 2012, and so on. The numbers that are in those years are the numbers that were from last year's adopted five-year plan. Does that make sense?

CHAIRPERSON MENDEZ: Okay.

JOHN B. RHEA: Okay. So--

[Crosstalk]

JOHN B. RHEA: So, no, the federalization, beyond it being in the 2010 forecast, it is not in the out years of the plan. Secondly, the numbers are going up in terms of expenses because of expectations around employee

1  
2 rising wage costs and rising healthcare benefits,  
3 so fully loaded employee costs are continuing to  
4 go up. And, you know, there are obviously, as I  
5 said, you know, assumptions about our need to  
6 continue to make investments in our P&L. So, some  
7 of those things are reflected in the out years.

8 CHAIRPERSON MENDEZ: Has the public  
9 assistance money increase for shelter been  
10 completely phased in?

11 JOHN B. RHEA: The shelter  
12 allowance is completely phased in now, yes, yes it  
13 is.

14 CHAIRPERSON MENDEZ: And your rent  
15 increases are completely phased in?

16 JOHN B. RHEA: Yeah. No? No, one  
17 more? One more this year.

18 CHAIRPERSON MENDEZ: And these  
19 deficits, does that include the \$65 to \$75 million  
20 in additional funding?

21 JOHN B. RHEA: No. That was the  
22 one I said is not included. That's the  
23 federalization number; that's not included.

24 CHAIRPERSON MENDEZ: All of that is  
25 federalization.

JOHN B. RHEA: The \$65 to \$75 million is all federalization.

CHAIRPERSON MENDEZ: Okay.

JOHN B. RHEA: That is not included, other than in the one 2010 year, it is not included in the out years.

CHAIRPERSON MENDEZ: Okay. Maybe I didn't understand.

JOHN B. RHEA: I'm sorry.

CHAIRPERSON MENDEZ: There's money you're getting from the federalizing the units.

JOHN B. RHEA: Yes.

CHAIRPERSON MENDEZ: You expect that to be?

JOHN B. RHEA: \$65 to \$75 million of operating and capital support every year, forever.

CHAIRPERSON MENDEZ: Okay. I thought that in addition to that the Congresswoman had gotten--and the Senator--additional funding into the funding stream.

JOHN B. RHEA: That is it.

CHAIRPERSON MENDEZ: That's it.

JOHN B. RHEA: That's the funding

1  
2 in the funding stream. Yeah, they got \$75  
3 million--

4 CHAIRPERSON MENDEZ: [Interposing]  
5 No, I thought there was something in addition to  
6 that, which was going to make me very happy.

7 JOHN B. RHEA: No, no. They got  
8 \$75 million in the funding stream, and that's the  
9 \$65 to \$75 you hear us quoting, for every year  
10 going forward, which begins in October of this  
11 year.

12 CHAIRPERSON MENDEZ: Thank you.  
13 Okay. Now I get it. How much is healthcare,  
14 pension and employee benefits, how much is that  
15 taking up every year? And if you can give me an  
16 idea of how much of your budget it was in the  
17 previous two years and how much you anticipate it  
18 to be in the coming years?

19 JOHN B. RHEA: So let me give you,  
20 let me again, dimensionalize this for you.  
21 Healthcare cost and pension costs have gone from  
22 \$64 million in 2002 for health insurance to \$98  
23 million in 2009, for 53% change, which is  
24 compounding roughly 7% a year. The pension costs  
25 over that same eight-year period have gone from

8.1 to 109, for a 1,200% increase.

CHAIRPERSON MENDEZ: From 8.1 to?

JOHN B. RHEA: 109.

CHAIRPERSON MENDEZ: From 2002 to 2009.

JOHN B. RHEA: That's correct. And so, the--leaving out workers' compensation which is also up, you know, 22 to 32, but leaving those out, I mean we're seeing, you know, I mean, substantial multiples of what it was eight years go. And it accounts for 40% of our total costs, wages. Wages count for 40% of our total cost, of which health insurance and pension and all those things are, you know, part of the fringe.

CHAIRPERSON MENDEZ: And how is that number, like what do you anticipate it to be in the next couple of years? Because that's a big jump from 8.1 to 109 million.

JOHN B. RHEA: You could identify that is a risk in our plan. We have it going up 3% a year over the next couple of years, which is obviously when we've been--I mean the pension is leveling off now, right? Yeah. So, but even health insurance alone has been up almost 7%

1  
2 compounded, so I mean we have in our plan, you  
3 know, half of what the historical level has been.  
4 We're hopeful that President Obama will be  
5 successful in constraining healthcare costs.

6 CHAIRPERSON MENDEZ: You and me  
7 both. Mr. Chair, I had asked for previously, I  
8 have still not gotten, a list of the federal  
9 developments that were scheduled to get stimulus  
10 funding that now will not be getting stimulus  
11 funding as a redirecting of the money to the State  
12 and City developments.

13 JOHN B. RHEA: So I thought I was,  
14 and I apologize if we owe you something that you  
15 don't have, but I want to repeat this, but there  
16 is not a single job that we identified--remember  
17 there were 70 projects for the \$423 that we listed  
18 that would be funded. Every single one of those  
19 70 projects will continue to be funded, even  
20 though we redirected stimulus money to the  
21 federalization. We redirected other monies to  
22 complete the 70 projects that were originally part  
23 of stimulus.

24 Secondly, because those projects  
25 are coming in, the bids are coming in lower than

1 what we were originally estimated; we're actually  
2 doing 75 jobs now as opposed to 70. So not only  
3 are we honoring our commitment to all of those  
4 projects, for example, Ingersoll Whitman was a  
5 project that was identified to be funded through  
6 stimulus that now we're funding through our  
7 regular capital program. And we did not at all  
8 change the schedule for Ingersoll Whitman that we  
9 committed to under the stimulus funding. So we're  
10 honoring all the commitments, and because we've  
11 been more competitive given the environment, quite  
12 frankly, and the hard work the organization has  
13 done increasing the people bidding on our jobs,  
14 we're able to do five more projects than we  
15 originally identified.

17 CHAIRPERSON MENDEZ: And are they  
18 still being done at the same timeline that you  
19 anticipated?

20 JOHN B. RHEA: Most of them, yeah.  
21 There are a couple of projects that, you know, may  
22 have slipped a few months here or there, but  
23 that's it.

24 CHAIRPERSON MENDEZ: Thank you.  
25 Give me a second.

[Pause]

CHAIRPERSON MENDEZ: Mr. Chair,  
from a previous hearing, you had submitted some  
documents that showed a HUD subsidy coming in from  
the tax credit portfolio. And--

JOHN B. RHEA: [Interposing] The  
\$13 million?

CHAIRPERSON MENDEZ: Yeah, \$12  
million, yeah, about.

[Pause]

CHAIRPERSON MENDEZ: So on the LLC  
that's getting the tax credit, that's been  
approved. But in the LLC that's in the non-tax  
credit portfolio, when do you expect that to be  
approved?

JOHN B. RHEA: I can't give you a  
date. We can't even tell you the exact form it  
will take. We have a commitment from HUD to work  
with NYCHA to ensure that all of the units in the  
federalization plan, including the non-tax credit  
portfolio, will have some form of subsidy attached  
to it in the next couple of years. So that could  
take the form of traditional housing subsidy, it  
could take the form of Section 8 subsidy, or it

could take the form of a new harmonized subsidy stream that the administration is proposing for PHAs across the country. So we cannot tell you the date or the form it will take. What we have is a commitment, hand on heart, from HUD to work with us to get those units across the finish line with some form of ongoing permanent subsidy.

CHAIRPERSON MENDEZ: Now on the-- HUD has approved the 743, and there has been on your Section 8 transition, 6,000 odd apartments that haven't been transitioned from your 8,400.

JOHN B. RHEA: Yeah. I'm not sure what the 743 number is; I'm sorry.

CHAIRPERSON MENDEZ: Those are the units--I'm sorry, the 11,743.

JOHN B. RHEA: Okay, got it.

CHAIRPERSON MENDEZ: It was going to be federalized, right?

JOHN B. RHEA: Yes.

CHAIRPERSON MENDEZ: Then there was 8,400 apartments that were going to be transitioned. And you've indicated that you've not been on pace with that. But what's going to happen to the remainder of those units and what's

happened to--

JOHN B. RHEA: [Interposing] Can I be--I just want to be--because I know it's confusing. All of the units in the City and State developments have been federalized. 11,700 of them are actually receiving ongoing operating and capital subsidy and are because they are being, quote unquote, admitted and calculated as part of the ACC funding contract. The other 6,100 that actually they're federalized, they're just not part of the ACC calculation, which determines how much money comes to NYCHA. But they are federalized, which is a great thing, because it puts us in position, as I said before, to work with HUD to move toward a funding stream that will be part of a calculation to have NYCHA receive money for them in the future.

So what we did with this federalization in addition to getting the 11,770 in that formula today, we put ourselves in a position to have all of them be part of a funding formula calculation in the future. And we needed to have that happen by March 17th, because if we didn't, then we lost the window for the stimulus

1  
2 to allow us to actually include them under that  
3 count, the cap, for federalization purposes. If  
4 we didn't get them in now, even though they are  
5 not using them to calculate how much money we  
6 receive, they would not even have been eligible,  
7 because then we would be back in the old game we  
8 were in before with the Fair Cloth Amendment not  
9 allowing units to come in. So they're in now.  
10 Now it's just a question of when and how we work  
11 with HUD to get them as part of the ACC or part of  
12 some form of funding calculation. Is that clear?  
13 I know it's confusing.

14 CHAIRPERSON MENDEZ: No, it's not  
15 clear to me. And I don't know if it's just  
16 because I'm not feeling well, so. You know, I  
17 don't know if you could try to explain it again.  
18 And part of what I want to know is about those  
19 units that have not been transitioned through  
20 Section 8, that that was going to happen in a  
21 phase in manner.

22 JOHN B. RHEA: They're still  
23 subject to the voluntary conversion agreement,  
24 which if we had Section 8 vouchers available  
25 today; we could continue to work on phasing those

1  
2 in through the conversion process. And HUD is  
3 expecting NYCHA to, quote unquote, continue its  
4 best efforts to voluntarily convert those, per the  
5 VCA. But those are the exact units we're having  
6 conversations with them about how we attach a  
7 long-term funding subsidy to.

8 CHAIRPERSON MENDEZ: Now NYCHA made  
9 a recent application to convert Section 8  
10 vouchers.

11 JOHN B. RHEA: We made a recent--

12 CHAIRPERSON MENDEZ: [Interposing]  
13 that were issued as part of the Section 8  
14 conversion.

15 JOHN B. RHEA: We made a recent  
16 application to HUD to convert all 18,000 units.  
17 So any unit in the 21 City and State developments  
18 that weren't already converted to Section 8,  
19 meaning converted, the 2,200 where people either  
20 chose to convert or someone moved out and a person  
21 moved in with a Section 8 voucher, and that unit  
22 is currently occupied with a Section 8 tenant; any  
23 unit that was currently in the City and State  
24 portfolio that wasn't a Section 8 conversion, we  
25 applied to have every single one of those be

1 eligible for public housing subsidy under the ACC  
2 formula contract. HUD determined that they would  
3 make 11,700--they would federalize, they would  
4 accept all of them for federalization and that  
5 they would, quote unquote, turn on the funding  
6 stream for 11,700 of them, and the remaining ones  
7 would continue to be subject to voluntary  
8 conversion agreement and HUD would work with NYCHA  
9 on a process by which to ensure that there was  
10 some form of funding for them.  
11

12 We requested they all convert to  
13 public housing subsidies as of October 1, and we  
14 didn't get what we asked for; but we got a lot.

15 CHAIRPERSON MENDEZ: So until the  
16 voucher is made available, or those apartments  
17 transition, there's no--

18 JOHN B. RHEA: [Interposing]  
19 They're being put back on the rent rolls so they  
20 can be rented as public housing. You mean the  
21 vacant ones? If they're already occupied, people  
22 are going to remain in their apartments just like  
23 they are today, receiving basically diverting  
24 money from City and State buildings, federal  
25 buildings that have subsidy, to support those few

apartments that don't have subsidy.

CHAIRPERSON MENDEZ: The vouchers that are being converted, right, the apartments that will get a voucher. So there's no vouchers, right?

JOHN B. RHEA: That's correct.

CHAIRPERSON MENDEZ: So, then what happens to that apartment? Then there's no funding for until a voucher becomes available.

JOHN B. RHEA: There is no funding for it until a--yes, okay, keep going. The answer is yes.

CHAIRPERSON MENDEZ: So then 6,000-odd apartments then are in the same situation that the previously the 21,000 were in.

JOHN B. RHEA: Yes, correct.

CHAIRPERSON MENDEZ: Okay.

JOHN B. RHEA: Except, they are federalized, and now they are eligible for ongoing federal benefits. And they're protected by federal public housing standards.

CHAIRPERSON MENDEZ: Now these 2,600 vouchers.

JOHN B. RHEA: Yes.

CHAIRPERSON MENDEZ: And you're trying to switch them to project based Section 8?

JOHN B. RHEA: No. What we switched to project-based section 8, as part of the federalization effort, we requested that HUD allow us to switch all 8,400 units, 2,200 of which are currently converted--8,400 eligible, 2,200 have currently converted--that all of them would move from tenant-based to project-based. And we had to do that because there needed to be clarity that if a, quote unquote, Section 8 person moved out, that right for that unit to continue to receive Section 8 funding wouldn't go away.

[Off mic]

JOHN B. RHEA: Correct. And so what happens is, if a tenant who has portability, Section 8 is portable, takes their Section 8 and moves to a private landlord owned building in New York City, the way they're currently structured, that unit now is unoccupied, receiving no Section 8 and we have to wait for another Section 8 person to choose it. Now, when someone moves out, that unit becomes project-based Section 8, and we have the right to move a Section 8 eligible tenant into

it, as long as they're Section 8 eligible they can move into that. And we have the right to receive Section 8 payments for a period to bridge us until someone actually moves in, even though the apartment is unoccupied.

CHAIRPERSON MENDEZ: Okay.

JOHN B. RHEA: So it ensures that there is a funding stream consistently connected to the apartment.

CHAIRPERSON MENDEZ: Thank you.

Now I get it. Okay.

COUNCIL MEMBER JAMES: One last question, Chair. I don't represent this development, but I do know that the residents have spoken to me and have come to my office. Prospect Plaza.

JOHN B. RHEA: Yes?

COUNCIL MEMBER JAMES: Any update?

JOHN B. RHEA: Yes. We are working very closely with the elected officials, obviously Council Member Mealy, as well as Congresswoman Clark, on a plan to engage electeds and residents in the plan for the redevelopment of Prospect Plaza. We had a very active meeting--

COUNCIL MEMBER JAMES:

[Interposing] Spirited?

JOHN B. RHEA: Spirited is the right word. And I say that in the most positive--

COUNCIL MEMBER JAMES:

[Interposing] I heard it was very spirited.

JOHN B. RHEA: --sense though-- meeting with the community about the potential for Prospect Plaza. We are working with our sister agencies, both in terms of HPD and City Planning and others, to think very creatively about what can be done at Prospect Plaza to benefit the residents both from a housing perspective and from supportive services and amenities that that community needs. And we're doing what's called a planning charette, which will include not only kind of the design and architectural elements, but all those things that community residents are going to want to have a voice in. And so we are excited about the prospects of what we can do--

COUNCIL MEMBER JAMES:

[Interposing] So there's been progress.

JOHN B. RHEA: No pun intended, at Prospect Plaza.

COUNCIL MEMBER JAMES: Progress.

JOHN B. RHEA: There's progress.

COUNCIL MEMBER JAMES: On the taskforce that you, the two taskforces that were mentioned earlier, the green taskforce as well as the public safety taskforce, how are tenants--how are residents represented? Through what mechanism?

JOHN B. RHEA: I'll talk about the safety and security taskforce and then I'll let Commissioner Lopez talk about the green effort, which is extensive.

So on the safety and security taskforce, it has every member of the Citywide Council of Presidents, and when I say they are not just members, they are literally active participating members at every meeting. And we also have members from Tenant Patrol. And we have--and then we are engaging through the Citywide Council of Presidents multiple residents in surveys and in focus groups to get their input around the actions that we're investigating and the proposals that we're coming up with to get their response to.

MARGARITA LOPEZ: On the green side, we are creating green committees in every development, hoping that eventually the formation of them will create that participation that you're talking about, and engage the residents in participating in the green agenda; from recycling to how to use better the systems of energy, to consulting and bringing them into the question of how are we going to modernize for better green equipment in the developments.

COUNCIL MEMBER JAMES: Last two points. Painting and the overall physical plan, the grounds; some of the grounds leave a lot to be desired. I don't know when the last time grass was planted or whether or not there's any improvements with respect to the grounds of most NYCHA facilities. Is there capital funds in the budget or is that part of your long-term capital plan or...? Gardens and things like that?

JOHN B. RHEA: Commissioner Lopez can talk about kind of some of the actions we're taking from the green agenda to try and create more sustainability, and you know, a side benefit is beautification. But the short answer is the--

as I said in the earlier testimony, we're focused on the envelopes of the buildings and on systems first.

COUNCIL MEMBER JAMES: Right.

JOHN B. RHEA: We would love to work on the grounds, but they in general are not a significant portion of our five-year plan. I took you through the \$2.5 billion and I told you what they were for, elevators and brickwork and then--

COUNCIL MEMBER JAMES:

[Interposing] Right.

JOHN B. RHEA: --the secondary was plumbing and so on. So grounds are not a significant component of our five-year plan, as much as we would like it to be. Secondly, there are some individual developments where we're doing, you know, some playgrounds and some things like that, because benches had been, you know, vandalized and demolished. But in general that is not a significant piece of our work.

MARGARITA LOPEZ: And from the side of the green agenda, I want to remind people that Mayor Bloomberg, together with David Rockefeller, gave us \$10 million to take care of the grounds in

regards of planting trees. I'm very glad to tell you that we have planted over 11,000 of them in our properties, together with the residents.

I'm going to insist on the question of the resident green committees, because the issue that you're raising is directly connected to that. We have two problems in regard to the grounds. We have number one problem, we need to put a force, an interest, from the residents to become part of the greening of public housing. And in the greening component, you will have the question of increasing the amount of gardens that we have. I am glad to tell you that we have 4,000 residents engaged on that and 600 gardens. We need to create gardens everywhere--

COUNCIL MEMBER JAMES:

[Interposing] There's a beautiful garden at Ingersoll.

MARGARITA LOPEZ: --and we need to engage the residents everywhere to do this. The preservation and maintenance of the greening requires the participation of the residents. It's undoubtedly that that would be the winner card on this agenda.

JOHN B. RHEA: One of the other things that I just want to, in my discussion and as we come back to you with the plan to preserve public housing, I talk about public private partnerships and I talk about philanthropic resources that NYCHA needs to avail itself to. That will be an area where we spend quite a bit of time looking at. And Commissioner Lopez's example with, you know, David Rockefeller and, you know, The Mayor's greening initiatives, those were private funds that provided a substantial benefit to public housing residents. We want to significantly increase what we're doing there. So we formed an office of Public Private Partnerships at NYCHA. We just put a new director there, obviously the first ever director to run it, and we are staffing it in a way in which we can more than pay for itself, but to pay for a lot of the initiatives we want to embark on at NYCHA, where philanthropic dollars will be a priority.

COUNCIL MEMBER JAMES: And when apartments become available, particularly the ones at Ingersoll Whitman, I believe in your testimony you said 600 would become available in 2012.

Assuming, we go to the residents who are displaced and most of the residents decide not to return, those 600 will be let out according to a list--

JOHN B. RHEA: TSAP, towards TSAP.

And first it will go to, as you said, those who've been displaced offered the opportunity to return. Once they say no, they prefer not to return, then those units go back into our tenant selection and application process, TSAP, which is the normal off of the waiting list.

COUNCIL MEMBER JAMES: And that includes those on the waiting list and any others.

JOHN B. RHEA: It includes those on the waiting list or people who come to NYCHA for priority reasons. But, yes, principally from the waiting list.

COUNCIL MEMBER JAMES: And the notion of deconcentration, I know there was a big push some time ago with respect to deconcentrating, I guess, the degrees of poverty within public housing. Are we beginning to look at any higher incomes?

JOHN B. RHEA: No.

COUNCIL MEMBER JAMES: Okay. Thank

1  
2 you.

3 CHAIRPERSON MENDEZ: Thank you, Mr.  
4 Chair. Just a couple of more questions, and then  
5 we'll open it up to the public testimony. On your  
6 chart, when you were talking about the Section 8  
7 shortfall, I believe you said you were looking for  
8 additional funding locally. We'll see what we can  
9 do. We haven't been too successful in the last  
10 fiscal year in getting more money to the  
11 authority. You were also hoping to get additional  
12 funding from the feds towards the Section 8, but  
13 that otherwise you would have to reduce voucher  
14 amounts or terminate families.

15 JOHN B. RHEA: Right. So, the two  
16 items on here, reduce Section 8 payment standards  
17 or terminate families from the Section 8 program  
18 to come up with \$45 million. Let me be clear,  
19 actually the first item on here would actually not  
20 generate \$45 million. So in and of itself that  
21 wouldn't be sufficient. If we were to take our  
22 Section 8 program from our current payment  
23 standard reimbursement rate down to 90%, which is  
24 the minimum that you could take it to, per HUD  
25 requirements, so 90% of fair market rent, that

would affect about 30,000 families who are currently receiving Section 8. And if we had done it at the beginning of the year, it would have generated something close to \$30 million. But, you know, now, let's say it generates \$20 million. So even if we took the action today, and actually you have to give 45-days notice and a number of things that impact the timing on that, you know, so the earliest we could get that done would be, you know, middle of the year. That would not be sufficient to make up the \$45 million. So, we would either have to do that plus look locally or to the federal level for some additional money, or we'd have to do that in concert, number one and number two, and you would obviously terminate fewer families from the program if you did one and two together. If you just did number two, assuming you did it, again, halfway through the year, so you had six months of benefit of terminating families, we'd have to terminate about 10,000 families, a little short of 10,000, closer to 9,000 plus, in order for it to produce \$45 million of savings between now and year end to make up for the shortfall.

CHAIRPERSON MENDEZ: You would need to terminate 10,000 if you did not reduce the payment? That's the number?

JOHN B. RHEA: Yes. Right, so right. So if you do both, then obviously it's fewer. You'd probably do half of that. It would probably be something more like 5,000 families, plus reducing the payment standards. So all of these are very difficult, painful outcomes.

CHAIRPERSON MENDEZ: And how would you terminate families? Are you coming up with some kind of standard?

JOHN B. RHEA: We'd have to do it-- I don't know, the word I'm going to choose is not the right word because I can't think of any way you equitably terminate families from housing assistance programs. But it would obviously have to be something where the pain is spread. Whether that's randomly, you know, we'd have to look at a lot of options. We have the right to do what it takes to come up with a program to get our Section 8 program in balance. That's the direction that's given to us by HUD. So we have a lot of leeway on how we would execute a plan like that, but

1 obviously we would want to do a plan in a way in  
2 which it would not necessarily disproportionately  
3 target any one group of people.  
4

5 CHAIRPERSON MENDEZ: That's really  
6 disconcerting.

7 JOHN B. RHEA: Absolutely.

8 CHAIRPERSON MENDEZ: Two more  
9 questions. Is NYCHA planning to apply to the  
10 Moving to Work program designation this year?

11 JOHN B. RHEA: We have an agreement  
12 with working with our electeds locally and in  
13 Washington, as well as a round table of advocates,  
14 Goals, Paroles, CSS, Legal Aid, that we would not,  
15 quote unquote, apply to a traditional Moving to  
16 Work, but we would apply to what's referred to as  
17 HIP Light. And that basically has many of the  
18 benefits of the Moving to Work designation, but  
19 with some of the protections that local NYCHA  
20 advocates and tenants were looking for to ensure  
21 resident protection.

22 So we are looking at that as an  
23 alternative. We've asked--there are two ways to  
24 do that, one is to be written in legislatively and  
25 that would have to happen through an act of, you

1  
2 know, or congressional electeds, or for us to be  
3 included in the process called SEVRA, which is the  
4 Section 8 Voucher Reform Act that's kind of  
5 winding its way through congress very slowly. And  
6 we're hopeful that through one of those two  
7 mechanisms that NYCHA would be, quote unquote,  
8 designated a HIP Light Moving to Work  
9 organization, which would allow us to have fundage  
10 ability between our funding sources and a couple  
11 of other elements of the program.

12 CHAIRPERSON MENDEZ: Thank you.  
13 And can you talk me through pilots? How much are  
14 you paying to the City in pilots and for what?

15 JOHN B. RHEA: Okay. We are  
16 paying--

17 [Pause]

18 JOHN B. RHEA: We are paying..

19 [Pause]

20 JOHN B. RHEA: Yeah, but she wants  
21 it in breakdown. So just the pilots, right? Not  
22 DEP, water, you just want the pilots, right? \$17  
23 million in pilot.

24 CHAIRPERSON MENDEZ: Okay. Now  
25 give me everything else.

JOHN B. RHEA: I shouldn't have offered it.

CHAIRPERSON MENDEZ: I would have asked for it anyway; don't worry about it.

JOHN B. RHEA: I'm just joking. So we pay, as you know, \$70 million to the NYPD and \$3.3 million to the NYPD in capital; we pay--

CHAIRPERSON MENDEZ: [Interposing]  
\$3.3?

JOHN B. RHEA: \$3.3.

CHAIRPERSON MENDEZ: In capital.

JOHN B. RHEA: Right.

CHAIRPERSON MENDEZ: Explain that one to me.

JOHN B. RHEA: In the MOU it said that we would pay X amount of dollars in operating and that we would provide them with a certain amount, which is a percentage of NYCHA's--what we receive every year in a capital grant from HUD. There was a percentage of that that would go to the NYPD for their capital needs to support NYCHA developments. So if they needed to buy walkie-talkies or cars to support and police NYCHA developments, that a portion of our capital

dollars would go to help them defray that cost, which is 1.5% of our capital allocation we get from HUD. So that works out the \$3.3 million. DEP, which is water, \$106 million. We have an agreement with the City to do our payroll that costs \$1.1 million.

CHAIRPERSON MENDEZ: \$1.1?

JOHN B. RHEA: Yeah. We have an agreement with the Department for the Aging, as you all know, that when they were proposing certain cuts that were going to disproportionately impact NYCHA senior centers, we had to enter an agreement to support that. That cost \$29.4 million. And the rest are relatively small-- sanitation.

CHAIRPERSON MENDEZ: Yeah, how much is sanitation?

JOHN B. RHEA: \$650,000.

CHAIRPERSON MENDEZ: Okay. Thank you very much, Mr. Chair, and thank the board for being here, and Mr. Lam and I'm sure I will have other questions. And congratulations, you survived your first preliminary budget hearing.

JOHN B. RHEA: Thank you.

[Pause]

CHAIRPERSON MENDEZ: We have Rosalinda Tull and Joseph Garber. Take a few moments until they take all their papers and then you can come to the table. Give it to the sergeant.

[Pause]

CHAIRPERSON MENDEZ: Thank you, Commissioner. Thank you, Mr. Chair.

[Pause]

CHAIRPERSON MENDEZ: Whenever you're ready, identify yourself for the record and please begin your testimony. Is anyone from NYCHA still here? Ah, thank you. Okay.

[Pause]

ROSALINDA TULL: Hi. Good afternoon. My name is Rosalinda Tull, and I am a NYCHA tenant and a pro se litigant, a pro se disabled litigant. I have come to New York City Council to ask for help regarding the ongoing harassments and intimidations of an eviction. On February 5th, 2010, I served New York City, New York State and the US Second Circuit Court of Appeals with a petition for a writ of seniority.

CHAIRPERSON MENDEZ: Miss? Miss,  
this is great, but this is about the budget.

ROSALINDA TULL: Yeah, no. I  
understand, but I'm here to give my public--  
because it has to do with it and why--

CHAIRPERSON MENDEZ: [Interposing]  
It has to do with the budget?

ROSALINDA TULL: Yeah, it has to do  
with why the Section 8 was--came to the meeting,  
why they made the meeting on February 23rd and so  
and so forth. And because of this, I may be  
evicted. So this is why I come in to City Council  
today.

CHAIRPERSON MENDEZ: Okay.

ROSALINDA TULL: To intercede for  
this problem. I can't be coming back and forth  
because of--I'm not trying to waste any time.

CHAIRPERSON MENDEZ: Okay.

ROSALINDA TULL: Within my petition  
to the US Supreme Court, I expressed the public  
interest of 3,000 Section 8 vouchers that were  
worthless. Admittedly, New York City Council held  
a public meeting on February 9th, 2010. I then  
received an illegal hearing notice from 250

Broadway, New York, NY, dated February 5th, 2010, with false claims that were made by NYCHA manager Eugene Melfa on November 9th, 2009, who was removed recently after disrespecting and intimidating me in a public meeting on September 9th, 2010.

Two petitions were forwarded to City and State agencies to remove him for harassment and intimidations. I received an apology letter from the Brooklyn Borough Director, dated November 18th, 2009. I was also told by the social worker, Ms. Brook [phonetic], who made a home assessment on October 13th, 2009, after the manager referred social services for non-desirability and chronic rent delinquency, that he will leave me alone. Everything was going to be removed, and my case was going to be closed on November 20th, 2009.

I am still being harassed and intimidated by NYCHA, who has retaliated due to the petition that was served upon the City on February 5th, 2010. I have gone to my City Council and made a complaint since 2005, and nothing was done. I recently went to City Council

Charles Barron regarding another illegal hearing that was to be held on March 17th, 2010. Ms. Perkins took all my information and has not gotten--has not returned my call.

I had a work-related injury on January 26th, 2001, that resulted in a permanent physical disability. On November 2001, I moved into NYCHA and Eugene Melfa was not the manager. On April 17th, 2002, my mother and I were both mugged at gunpoint in the elevator the first time she entered the building. I then started suffering from Post Traumatic Stress Syndrome. Letters were forwarded and the manager refused to transfer me, because it was not considered to be a traumatic experience. I would not come outside. I had no idea where I was, because I moved from Sunset Park, Bay Ridge to the other side of Brooklyn, East New York.

On June 11th, 2002, the New York State Insurance Fund faxed a letter to the manager regarding my workers compensation income, since he didn't understand the award letter. On May 5th, 2003, I also resubmitted the proof of income to the Housing Assistant, Mr. Murdoch, who adjusted

1  
2 my income correctly and charged me a retroactive  
3 charge of \$118. On December 13th, 2003, the  
4 manager fraudulently changed my income in the  
5 computer and still charged me a retro charge of  
6 \$118. I paid it on January 2004. On September  
7 2004, I was approved for left knee surgery by  
8 workers compensation board, which was impossible  
9 for me to have, because the manager started  
10 illegal hearing procedures at 250 Broadway in  
11 2005, due to his fraudulent acts regarding my  
12 income.

13 I went through a series of illegal  
14 hearings at 250 Broadway throughout 2005, that  
15 imposed an illegal rent and one year probation and  
16 kept my tenancy not in good standing. I filed an  
17 Article 78 to remove the illegal charges, and it  
18 was stipulated in July 2006. In May 2006, I filed  
19 a notice of claim for punitive damages for fraud,  
20 harassment and intimidation of an eviction, which  
21 made my life work. Since illegal rent arrears  
22 were removed, the manager started denying my  
23 medical deduction, since 2006, ending in 2008,  
24 regardless if social services explained that the  
25 Medicaid surplus was a medical expense that cannot

1  
2 be used as part of my income--making it  
3 financially difficult for me to proceed with a  
4 notice of claim.

5 In March 2007, I was given a  
6 transfer from the 5th floor to the 14th floor.  
7 According to NYCHA, it was a registered disabled  
8 apartment, which was false. In the ending of  
9 March 2007, I had knee surgery. In April of 2007,  
10 I fell down with crutches by the bathroom entrance  
11 step that was not supposed to be there, making my  
12 rehabilitation slow and painful. My apartment has  
13 positive asbestos testing with too much heat. The  
14 apartment is in need of many repairs and my health  
15 will not permit me to reside in the apartment  
16 while all these repairs are conducted. It is  
17 medically necessary for me to be transferred,  
18 which it has been ignored and my health has been  
19 jeopardized.

20 I filed a case with the New York  
21 State Supreme Court that violated my right to due  
22 process, because an unassigned judge dismissed my  
23 case in Part 22, even though my case was being  
24 heard by the assigned judge in Part 7, which the  
25 burden of my complaints was a civil rights case,

immunity under the 11th amendment was the unconstitutional defense from the federal court justice, and the reason for my appeal, and the writ of my seniority.

Even though I have made complaints to New York City Department of Investigations, NYCHA Inspector General's Office, investigations were not and are not conducted. I was unable to make a police report or have a protectional order issued because of the conflict of interest between PS 82 and NYCHA, even though the manager kept knocking on my door, by himself, at all time.

I come to City Council to ask that NYCHA stop harassing and intimidating me of an eviction. NYCHA owes me a credit. The manager did not asses my income change in 2008 in order to charge my rent and denied to credit my account. The NYCHA Housing Assistant is also at present denying my income change starting this month from \$706 to \$149 monthly, which I do not know how I'm going to survive on \$149 a month. I have not been able to rehabilitate physically, mentally or vocationally. I wasted nine years of my life trying to keep a roof over my head. This is

outrageous and the harassment needs to end.

As for suggestions, NYCHA needs to stop having hearing procedures at 250 Broadway. Cases should be heard in New York City Civil Court in the Housing Part. It would save money for NYCHA because of the biased decision that will lead into million dollar lawsuits. I have many other suggestions that could help the City throughout these issues, such as for low income housing, there should be no limits on low income. Low income is low income without minimum requirements. New York City is homeless City. How many are homeless due to the fraudulent schemes made by City employees. Please, stop the madness. Okay?

As for the cameras, I was told today from one of the workers that's working on the elevator, after they threw lines, all last week they put in lines from the 16th floor all the way to the bottom on three buildings, all of a sudden they have to wait two years for the cameras to go on. They have a box up there, the windows are broken; it costs \$700 for every window to be replaced--three buildings--that's \$2,100 a day.

1  
2 Think about it. A camera or \$2,100 a day? It's  
3 just a waste of money. And people are being  
4 mugged in the elevators. I went through it. I  
5 went through the trauma and it was horrific. My  
6 mother never came back to my house; she was  
7 scared. Okay. As for the garbage, the recycling?  
8 They have these bins outside the building. And  
9 what they do with them, they put them with the  
10 regular garbage. Okay? People do put the  
11 recycling out there, but they throw it out with  
12 regular garbage.

13 As for the elevators, according to  
14 one of the New York City Journals, the last one,  
15 the NYCHA Journal, it said that if tenants cannot  
16 go up and down the stairs when the elevators are  
17 out of service, that you can call the management  
18 office when they're open or the CCU when the  
19 management office is closed, so that they could  
20 bring you up and down the stairs. It's not  
21 happening. They don't have that. They don't know  
22 what that is. So I don't know why NYCHA has that  
23 in their journal that they do help the disabled  
24 and the elderly to go up and down the stairs.

25 And as of the 30% that tenants pay-

1  
2 -tenants do pay 30% of their income. They cannot  
3 have an increase, because social security has not  
4 made an increase for anyone this year. So if you  
5 look at the leases--I have one of my patrons here  
6 who I am his healthcare proxy and I have an 84-  
7 year old also that I took in from the building,  
8 that they have two rooms and the maximum income  
9 are two different numbers. So NYCHA has to get  
10 their things going and I understand that John  
11 Rhea, he's the new chairman and he's trying a lot  
12 and I applaud him. But there's a lot of mistakes  
13 within the NYCHA management itself. And there's a  
14 lot of City employees that are taking advantage of  
15 creating obstacles and creating fraudulent acts  
16 that lead people into the street.

17 And if you see all this, I'm trying  
18 to summarize it as best that I can, because during  
19 the time that I lived in NYCHA I've been trying to  
20 keep the roof over my head, wasting my time, my  
21 energy, my life, my education. Nine years I  
22 wasted here trying to live in NYCHA. So I ask  
23 that New York City Council really do something  
24 with NYCHA. They really have a problem. The City  
25 employees have a problem. There's no

1 communication. And when I go to City Council, I  
2 brought in the petition for them that removed the  
3 manager, 250 plus tenants signed this petition.  
4 And when I went to Charles Barron's office just  
5 last week, I gave this information to Ms. Perkins  
6 who she told me--oh, the manager was removed. But  
7 yes, what about the cameras? What about the  
8 tenant association? There's no tenant  
9 association. The only representative for New York  
10 City Housing Penn.-Wortman Residence is me.

11  
12 CHAIRPERSON MENDEZ: Okay. Thank  
13 you very much, Ms. Tull. I'll speak to Charles  
14 Barron about this, and I have all your paperwork  
15 here with your testimony.

16 ROSALINDA TULL: I thank you.

17 CHAIRPERSON MENDEZ: And there's  
18 someone here from NYCHA who will look into this  
19 camera situation and get back to me.

20 ROSALINDA TULL: I would really  
21 appreciate it.

22 CHAIRPERSON MENDEZ: And report to  
23 me on what is actually going on with the cameras.  
24 Right? Thank you very much.

25 ROSALINDA TULL: Thank you.

[Off mic]

CHAIRPERSON MENDEZ: Turn it again.

JOSEPH GARBER: Good afternoon,  
Chair Mendez, Chair from a different--from Waste  
Management and Sanitation, Letitia James, Council  
Vann, and I presume you are representing  
Councilperson Melissa Mark-Viverito? No? Okay.  
Member of the staff, of the Council Staff. My  
name is Joseph Garber. I am a long time resident  
and resident leader in the New York City Housing  
Authority.

This hearing is supposed to be not  
only for the budget, but also for the preliminary  
Mayor's Management Report Review. If you look at  
the City Council document, produced by the City  
Council it clearly states this on page 1. And let  
me show this. Okay? So I think it would be good  
in order to find fault and to catch, you can quote  
the MMR, as I have done in board meetings, to show  
that they're not following the data that the  
Department of Research and Management Analysis  
gave to the Mayor's Office of Management  
Operations. And if it's proven that it's done  
intentionally, then it is, as the two attorneys

1  
2 can say, is filing a false instrument. Okay? So  
3 let me get that on the record.

4 I agree that in order to find--that  
5 this is an audited financial plan. I urge  
6 everybody to attend a respective board meeting  
7 where questionable contracts and wastes of money  
8 have surfaced. There's no questions that  
9 federalization is a step in the right direction  
10 and that Chairman John B. Rhea, who is a brilliant  
11 tactician, and is a master in promoting innovative  
12 finance strategies. This morning, at 200 Madison  
13 Street at Rutgers Houses, there was a superior  
14 exalted event with a representation of the three  
15 branches of government with excellent publicity.

16 I am curious that if the stimulus  
17 money was not available, would the superintendents  
18 have identified in the normal course of events of  
19 capital needs that have to be undertaken? For  
20 instance, roofs, water tanks, anything else that  
21 would fit as I mentioned. I'm also--interesting  
22 that I noticed that there was a staffer of NYCHA  
23 that had a loose leaf book entitled FY 2010 Weist  
24 [phonetic] Housing. Maybe I'm going to foil her  
25 to see what it is.

I agree, on page 7 of the Chairman's testimony, that developing underutilized land is very important and is very good. On page 9, increasing the transparency of communication; it has to be increased further, especially verbal communication. Joyce Harrison does not want to tell me when the RAB [phonetic] meetings were. She told me we're working on it, then the other day I happened to be up there and there's a RAB meeting going on. So she can't tell me that she didn't know about this RAB meeting a few days before, when I keep on asking her and she told me that they haven't worked out a list.

Improve resident services; I agree with this wholeheartedly. I question how effective is improving resident services. Part of that would be encouraging complaints on the entire gamut of assisting NYCHA. This means encouraging complaints to 311, the CCC, elected officials, officials at City Hall, federal officials, without retaliation. Also, using 311 to report initial complaints, and also 311 for agency complaints, which I use many a time when I see the normal systems not working.

The escalation part of the CCC must be developed. When CCC was developed, they talk about escalation, that means a complaint that kept on repeating itself, and the resident has not received any satisfaction. For all intents and purposes of the briefing, Mr. Devine [phonetic], Deputy Director McDonald and Mr. Green, I find that's a misnomer. There's no escalation in the process of the CCC. Yet NYCHA has failed to amend that GM. Okay? So this is not proper communication, because I read the GM. So if nothing more, if I don't know about it, I'm not saying that the NYCHA employees do--but you should definitely amend it.

Okay, phone answering techniques is terrible, on a development level, borough level, okay--250 Broadway, 90 Church and Long Island City. When a phone is answered, a name is not given or the title. They just say - - apartment, General Manager's Office. Okay, you all the Borough, they say Brooklyn Borough Management. There was only one lady who used to give her name, and she subsequently retired, Linda Moses. So I know some time ago Deputy General Manager

1 Finkelman, at a RAB meeting, which I read,  
2 indicated that she was going to engage in  
3 shopping. She was going to call various  
4 jurisdictions under her purview, to see how many  
5 rings, how they answer the phone, etcetera.  
6

7 I suggest that we learn from the  
8 Police Department. They have a unit called the  
9 Quality Assurance Division, where they subterfuge  
10 and test answering techniques. Okay? And how  
11 many rings, how do you answer; they might ask you  
12 a question to see if you try to slough up the  
13 person on the other end. So this is very  
14 important.

15 In the past several weeks I've had  
16 different interpretations that if I call in a  
17 public space complaint under midnight to CCC,  
18 whether you're permitted to take a public space  
19 complaint. Ms. Pardboler [phonetic], Ms. Hercules  
20 [phonetic], Ms. Sullivan and Senior Call Taker  
21 Bailey [phonetic], gave me different answers. I  
22 finally this morning, in the few minutes that I  
23 had this morning, I called up and I spoke to  
24 Administrator Green [phonetic], and he told me I  
25 was correct in my evaluation. And they were going

1  
2 to reach a decision, because this is quite  
3 confusing.

4 I asked, why don't you want to take  
5 it? She said, we were told not to take it. So I  
6 says, why did the other call taker take it two  
7 days ago? So he finally agreed, he agreed, I'm  
8 right. So as of this moment, and we can test it,  
9 they send an email to all the staffers at CCC,  
10 from now on you can take public space complaints  
11 on the midnight.

12 Okay, so this GM, on the CC must be  
13 revamped. Also, concerning the caption, which is  
14 too subjective. How much time can the manager and  
15 superintendant assign to deal with public space  
16 complaints versus apartment complaints? It's too  
17 subjective. They should quantify a timeframe.  
18 And this also causes lack of customer  
19 relationship, because the customer feels nothing  
20 is happening. It should be noted that since the  
21 merger of the NYPD with NYCHA in 1994, okay--  
22 excuse me, merger of the New York City Housing  
23 Authority and Police Department into the NYPD  
24 1994, and since the initial crafting of the MOU,  
25 there are many developments that are no longer

1 under the housing bureau. Yet, I don't believe  
2 there's been a proper funding change of a unit of  
3 appropriation. For instance, the 94th precinct  
4 that used to be in PSA 3 is now under the 94. Now  
5 I happen to have a radio in connection with my  
6 other assignments, and I sometimes listen, and  
7 Central doesn't even know it. They say, any PSA  
8 unit for Cooper Park Houses. And PSA 3 says, we  
9 no longer have jurisdiction for Cooper Park  
10 Houses. So, but this is more acute, because if  
11 we're giving the Housing Bureau money for a  
12 delegated fund for the Housing Bureau, and the  
13 Housing Bureau is not using it. Like, I question  
14 whenever I'm at a budget hearing and they say  
15 we're spending money for radios for cars, I ask,  
16 number one, if it's one department, you could  
17 through field services division do an inter  
18 vehicle transfer. There's a procedure in the  
19 administrative guide and you can do it. Why do  
20 you always have to buy more cars?

21  
22 Now remember, the Housing Police is  
23 a vertical patrol operation. Okay, you go in  
24 front of every PSA and you'll find radio cars  
25 galore sitting there. So something is wrong.

Something is wrong. Areas that we're losing money, okay? Illegal parkers. Okay, at present, since to try to get funding for NYCHA--

CHAIRPERSON MENDEZ: [Interposing]  
Mr. Garber? Can I ask you something?

JOSEPH GARBER: Yes.

CHAIRPERSON MENDEZ: I'm so happy you're back. I've missed you this year.

JOSEPH GARBER: Okay, thank you.

CHAIRPERSON MENDEZ: But--he hasn't been around. He hasn't been to one of my hearings yet.

JOSEPH GARBER: Right. For some reason--

CHAIRPERSON MENDEZ: [Interposing]  
I'm trying to get to a doctor's appointment.

JOSEPH GARBER: Okay. I don't mind if you have to leave--

CHAIRPERSON MENDEZ: [Interposing]  
So if you could try to wrap up.

JOSEPH GARBER: --if your counsel and CM James could remain? May I finish? I have some very important--

CHAIRPERSON MENDEZ: [Interposing]

She's not a member of the committee, so I--

JOSEPH GARBER: [Interposing] I know that. Okay.

CHAIRPERSON MENDEZ: --can't have her close out the hearings.

JOSEPH GARBER: Are you permitted to leave the Counsel in command, or...?

CHAIRPERSON MENDEZ: Excuse me?

JOSEPH GARBER: Are you permitted to leave the Counsel and the Policy Analyst? No?

CHAIRPERSON MENDEZ: No, it has to be to another Council Member who is part of the Committee.

JOSEPH GARBER: I have maybe one and half more pages.

CHAIRPERSON MENDEZ: If I could ask you please to summarize and get me copies--

JOSEPH GARBER: [Interposing] Let me finish the order and--okay, I'll get you copies. But I want to put this on the record, how we are losing money.

Illegal parkers, you either pay \$75 or \$150 if you're not a resident. There are developments that don't have any locks. Even if

they do, I have caught in my area, I've caught some City employees taking advantage by putting their agency placards, and I took care of business. Lights burning in the daytime. I have to continue with this, I cannot stop.

CHAIRPERSON MENDEZ: I was going to ask you about that.

JOSEPH GARBER: It is worse. I can prove that the lights in Whitman are burning from the day when Ms. Mann [phonetic], who is now the Borough Director, unfortunately--

[Off mic]

JOSEPH GARBER: Please, you're not a member of the Committee, don't tell me orders. Okay, let's get it humorous. Okay, especially on 3/13/10, when we turned the clock ahead. I want to see tonight when the lights will go on. But we are losing money with this. Let's have an oversight hearing on this. Okay.

Dead people paying rent, that's one of my favorite topics.

CHAIRPERSON MENDEZ: Yes.

JOSEPH GARBER: And I'll say that in Independence Towers, Taylor White and Williams

1  
2 Plaza I can find you--I know for a fact that not  
3 only are they paying rent, but they have their  
4 names still living. Okay, that's wrong. And I  
5 said this in a board meeting, in order to have  
6 proper intercom, you have to make sure you're  
7 ringing the correct intercom.

8 Okay, underreported income and  
9 squatters. Exposing NYCHA to excessive torts by  
10 not requiring concrete or asphalt to be fixed,  
11 interior on the grounds, okay, or exterior  
12 sidewalks, where there's a question if DOT or  
13 NYCHA has responsibility. But definitely second  
14 party responsibility for sure.

15 The 30-foot cubic dumpsters. We're  
16 losing money. NYCHA is putting in garbage bags.  
17 They're putting in boxes. And they're also  
18 putting in doors that Margarita Lopez says they  
19 could be salvaged. I do see it. When I see it I  
20 call the IG. But I'm just scratching the surface.  
21 We are losing money.

22 Structure. I believe there's - -  
23 functions rampant throughout NYCHA. And the  
24 American Society of Public Administration,  
25 American Management Association, the Hayes

Organization, the Mayor's Office of Operations, should conduct a top to bottom organization structure review. In addition, every pure NYCHA title, which would be Housing Assistant, Assistant Manager, Administrative Housing Manager, Manager, who is involved in clerical administrative research techniques, if those techniques are needed, okay, it should be converted to a DCAS title, such as Clerical Associate, Staff Analyst, Principal Administrative Associate, Administrative Manager.

CHAIRPERSON MENDEZ: Okay.

JOSEPH GARBER: Okay. The management--

CHAIRPERSON MENDEZ: [Interposing]  
Okay, Mr. Garber.

JOSEPH GARBER: Okay.

CHAIRPERSON MENDEZ: Please.

JOSEPH GARBER: I'm going to finish. I'm going to finish two of the last things.

CHAIRPERSON MENDEZ: Two more sentences and that's it.

JOSEPH GARBER: Okay, thank you.

CHAIRPERSON MENDEZ: And then--

JOSEPH GARBER: [Interposing] The management--

CHAIRPERSON MENDEZ: [Interposing] You and I can meet.

JOSEPH GARBER: Okay, sure.

CHAIRPERSON MENDEZ: On whatever you didn't put on the record, okay?

JOSEPH GARBER: --customer relationship systems must be transferred away from the Deputy General Manager of Operations. Since the problem of management and customer relationship is more than just units under DGM Finkelman, it is part of the whole NYCHA system. That should be transferred to the Office of the Chairman. Thank you.

CHAIRPERSON MENDEZ: Thank you so much. This hearing is coming to a close. I want to on the record thank my staff of the Committee, Ben Goodman, the Policy Analyst, Anthony Brito, the Finance Analyst and Babaa Halm, the Attorney. And also thank NYCHA and Brian Honan for staying and listening to testimony and following up with us on these issues. Okay. Thank you very much.

1

2

JOSEPH GARBER: Thank you.

3

CHAIRPERSON MENDEZ: Okay, thank

4

you.

C E R T I F I C A T E

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



Signature\_\_\_\_\_

Date April 16, 2010