

## NYCHA DRAFT 2010 ANNUAL & 5-YEAR PLAN

Gale A. Brewer, City Council, 6<sup>th</sup> District

Tuesday, June 22, 2009

My name is Gale A. Brewer. I represent the Upper West Side and northern Clinton in the City Council. My district contains Wise Towers, De Hostos, 589 Amsterdam, WSURA Brownstones, DOME Site, Amsterdam Houses and Amsterdam Addition, and Harborview Family and Senior public housing developments. I want to begin by thanking the NYCHA Board, including the new Chair, the staff at 250 Broadway, and all those working every day in the field. Your community service staff is wonderful, as is local management. Of course I am also partial to the resident leaders in Council District 6!

The New York City Housing Authority (NYCHA), which houses over 410,000 low income working individuals and families in 180,000 apartments (and has a wait list of 130,000 families for PH and 145,000 families for Section 8) continues to face massive deficits in its operating budget. Its current deficit of \$45 million is anticipated to grow to upwards of \$130 million in the coming year. The rise of NYCHA's operating costs has been exacerbated by the loss of the operating subsidies long provided by federal, state, and city government. The State and City, for which NYCHA manages 21 developments (15,000 state-financed and 6,000 city-financed units) are ineligible for federal subsidies, and over the past ten years the federal government has totally eliminated its general operating subsidies, for an annual loss of \$63 million to NYCHA. The total annual loss of federal subsidies is \$137 million. Since 2003, the City has also eliminated its operating subsidies, an annual loss of \$30 million, though in FY 09, the Council added \$18 million, which has been baselined.

In summary, I strongly urge the federal government to provide a larger subsidy, and to take control of the state and city developments. President Obama has proposed fully funding the operating budgets of public housing, but in reality the federal budget in 2010 will ask for only \$4.6 billion out of the \$5.5 billion needed for full funding nationwide. Senator Schumer has written to the President and to HUD asking for the full amount. I worry that as other cities replace their traditional public housing with scatter site housing, there will be less support for the full funding of traditional public housing.

The federal government is providing additional Section 8 vouchers to eligible residents, who, on a voluntary basis, can apply them to their current rent. These make sense for people on fixed incomes, but are problematic for those whose income might increase and cause them to lose their subsidy completely.

In addition to the loss of subsidies, NYCHA is burdened with special payments it must make to the City annually. In FY 08, these payments included \$26 million in PILOT payments on its property, although many nonprofit organizations are typically exempt from paying property taxes; \$100 million to the New York Police Department (NYPD) for special services which some resident leaders claim they do not receive, but which we do receive from the 20<sup>th</sup> Precinct and from PSA6, although more security support is

always needed; and \$29.4 million to the Department for the Aging for city services that seniors should be eligible for without this additional payment; over \$268 million for water and sewage services from the City's Department of Environmental Protection; and about \$2.4 million for sanitation-related services. Needless to say, the Memorandum of Understanding (MOU) between NYCHA and NYPD has been discussed endlessly at City Council hearings, with Council Members arguing for less of a contribution to the City from NYCHA. We have not been successful in reducing the amount, and other cities waive the PILOT payment. I know that with more good will and creativity a far more equitable payment structure could be designed, with critical savings to NYCHA.

Let me focus next on the area of senior services. I believe that DFTA operates about 320 senior centers, 40 of which are in NYCHA developments, and they are very important to the residents. Some are operated by nonprofits, and some by NYCHA directly. Some were cut this year because of PEG cuts, but not due to any reduction in allocation from NYCHA. However, the capital needs of some of these centers must be addressed and in a more timely manner. I allocated funds to the Project FIND center at Harborview some years ago, and years have gone by without any movement on the renovation. I also allocated funds to Lincoln Square Neighborhood Center (LSNC) for renovation of a large space at Amsterdam Houses to house a teen program, and it too has taken years to clear hurdles in the capital process, and work has not yet begun. I might add that in the interim LSNC has developed a model NORC program and was just awarded designation as an off-site mental health facility with Beth Israel Hospital, giving them third party reimbursements.

Employment concerns are another issue. As part of their ongoing deficit reduction effort, NYCHA has already cut many staff positions over the last ten years, and may reduce more. For residents, Section 3 of the 1968 Housing Act requires housing authorities to maximize their efforts to use HUD funds to expand job/training opportunities for low-income residents, but the NYC program has never been well operated.

NYCHA is now receiving \$423 million in HUD economic stimulus funds for capital projects, under the 2009 American Recovery and Reinvestment Act (ARRA). This infusion of funds offers NYCHA an unusual opportunity to expand its resident workforce and increase its rent stream. Obviously it is important to increase revenue from rents, and so it is in everyone's interest to focus on making the employment programs effective.

Other issues to be addressed:

- The rent adjustment process must be streamlined. My staff spends hundreds of hours on this issue, as does the NYCHA legal department. NYCHA brings termination proceedings against tenants regardless of the reason for late payments, and many of the situations could be resolved with a better process. Residents take time off from work at a time when they can least afford to be absent.

- The plans for the disposition of NYCHA-owned land for development has to be re-evaluated. Having spent many hours with NYCHA and HPD staff and with Community Board 4 on the Harborview project (which may never go forward), I know that under the current policy affordable housing is extremely difficult to build as an option in new development. NYCHA wants to take the highest bidder, and that developer then

maximizes the return with more market units and fewer affordable units. The same problem just arose at one of the proposals for Chelsea-Eliot. Again, a comprehensive look at the future plans for development of NYCHA land is imperative, with meaningful input from residents.

I look forward to working with you to support the NYCHA residents and staff in the coming years.

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