NYC ALLIANCE TO PRESERVE PUBLIC HOUSING

August 11th, 2015

Shola Olatoye, Chair
New York City Housing Authority (NYCHA)
250 Broadway
New York, NY 10007

Dear Chair Olatoye:

Participants in the NYC Alliance to Preserve Public Housing submit the attached comments as a collective response to the NYCHA Draft FY2016 Annual Plan. The Alliance is a working collaboration of resident leaders/organizations, housing advocates, community and labor organizations, and concerned elected officials to press for policies to strengthen our public housing communities and extend housing opportunities under the Section 8 voucher program. We seek a stronger resident voice in government decisions that affect NYCHA communities, as well as greater openness and accountability on the part of the Authority.

We acknowledge the positive steps already taken by Mayor Bill de Blasio and by NYCHA in response to our past concerns, including:

- Granting NYCHA relief from annual NYPD and PILOT payments.
- Re-energizing NYCHA efforts to engage residents through community visioning initiatives.
- Committing $300 million of the city capital budget over the next three years to major capital improvements (roof replacements).

This paper describes the key issues we have identified in this year’s Annual Plan and forwards our recommendations. Major concerns include:

- Affordable housing development at NYCHA sites.
- Planned conversion or transfer of existing high-cost developments.
- Section 8 voucher issues.
- Strengthening resident participation.
- City takeover of NYCHA senior and community centers.
- Elimination of 1,000 central office positions.
- Increases in resident parking fees.

In light of the recently released NextGeneration NYCHA Plan, this is a crucial time to plan for the future of our public housing communities and make the best use of limited Section 8 voucher resources.

Respectfully submitted,
The New York City Alliance to Preserve Public Housing

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NYC ALLIANCE TO PRESERVE PUBLIC HOUSING

Participants and Support

The attached position paper on the NYCHA Draft FY2016 Annual Plan has the support of the following organizations and concerned elected officials (The list continues to be in formation):

Advocacy, Community, and Labor Organizations

Church of the Open Door
Citizens Committee for Children of New York
Community Service Society (CSS)
Good Old Lower East Side (GOLES)
Legal Aid Society
Tenants PAC
Urban Justice Center—Community Development Project
Urban Justice Center—Safety Net Project
Women’s City Club of New York

Resident Organizations

Amsterdam Houses Resident Association, Manhattan
Baruch Houses Resident Association, Manhattan
Clay Avenue Resident Association, Bronx
Findlay Avenue Resident Association, Bronx
Jackson Houses Resident Association, Bronx
Johnson Houses Resident Association, Manhattan
Rutgers Houses Resident Association, Manhattan
Smith Houses Resident Association, Manhattan
Vladeck Houses Resident Association, Manhattan

Government Officials/Community Boards

NY State Senator Brad Hoylman
NY State Senator Velmanette Montgomery
NY State Senator Bill Perkins
NY State Senator Jose M. Serrano

NY State Assemblyman Richard Gottfried

NYC Councilmember Margaret Chin
NYC Councilmember Helen Rosenthal

Community Board 12, Manhattan
NYC ALLIANCE TO PRESERVE PUBLIC HOUSING

MAJOR ISSUES: NYCHA FY2016 DRAFT ANNUAL PLAN

Background

The issues identified and the recommendations put forward in this position paper reflect the ongoing pressures NYCHA and its residents face:

- An estimated $77 million operating deficit in public housing.
- A $16 billion and growing backlog in needed major capital improvements.
- The need for new NYCHA revenues to strengthen operations, address capital improvements, and restore decent living conditions to residents.
- The need to preserve our public housing and Section 8 housing voucher resources, as well as address the critical shortage of affordable housing for low-income New Yorkers.

CITY AND STATE REINVESTMENT IN NYCHA PUBLIC HOUSING

The NYCHA Draft Annual Plan and the NextGeneration Plan confirm the active role the city is now taking in expanding NYCHA resources, not simply leaving it to a budget-slashing Washington. The Mayor has relieved NYCHA of the $73 million annual payments for police services and the $32 million annual PILOT payments in lieu of property taxes. That means over $100 million each year will be added to NYCHA’s limited operating resources to strengthen management and repairs. The mayor also committed $300 million from the capital budget over three years to critically needed NYCHA roof replacements. The city has also taken over the operations of the 41 remaining NYCHA-managed senior and community centers, ending the yearly crisis at the brink of defunding. And the NYCHA Central Call Center will be integrated into the city’s 311 Citizen Action System, giving residents access to 311 and to independent inspections by HPD (Department of Housing Preservation and Development.)

And this year the state has reinvested in NYCHA. Over 500 public residents travelled to Albany last March to demand a significant capital commitment. After years of disinvestment, the state committed an unprecedented $100 million to major improvements. Governor Cuomo has since deflected these funds away from infrastructural improvements toward other NYCHA needs, based on proposals from legislators for developments in their districts.

AFFORDABLE HOUSING DEVELOPMENT AT NYCHA SITES

The “Infill” Concept: Objectives

The NYCHA Plan—in keeping with the Mayor’s Housing NY Plan—calls for the development of 17,000 housing units on NYCHA grounds, of which 13,500 (80%) would be “affordable.” The Authority estimates that 50 to 60 towers-in-the-park communities—about one out of five—will be involved in this initiative over the next ten years.

While redevelopment represents significant change and disruption for current public housing residents, the program has important objectives: Available NYCHA land can help
address the wrenching shortage of affordable housing for low-income New Yorkers. As importantly, redevelopment can be an opportunity to generate NYCHA revenues—through land-leasing and developer fees—needed to improve resident living conditions. Our support for the affordable housing development component of the NYCHA plan is contingent on the Authority addressing the following issues:

**Changes in the Community Visioning Process**

The “community visioning process” innovated by NYCHA in 2014 at three developments in Brooklyn and the Bronx—Millbrook, Van Dyke, and Ingersoll Houses—engaged residents in setting community priorities and planning for housing development. The process was a significant improvement over past attempts, but recent experience indicates several further improvements are called for.

*We Recommend:*

- At the start of the visioning process, a Community Steering Group (CSG) should be formed to drive and coordinate the overall process. (*NYCHA now steers the process, decides on agenda, frequency and timing of meetings, etc. Some meetings are called on very short notice.*) The CSG should include the Board of the Resident Association, NYCHA representatives, and any other residents and community stakeholders, or legal and technical assistance providers, viewed as potential contributors. The CSG should jointly decide on meeting schedules, agenda, committee structure, and hold periodic meetings of residents at large to keep them informed and obtain feedback on CSG direction and progress. (*All NYCHA meetings are now open to everyone, including non-residents, making it difficult to have a consistent, focused, productive resident presence.*)

- A written record of all NYCHA presentations, documents distributed, and meeting minutes should be maintained. (*Residents leave meetings without anything on record.*)

- A timeline and approach to fast-tracking repairs should be considered. (*Repairs are a top priority, but residents see little progress as housing development plans move forward.*) In all public housing developments, a “participatory budgeting” process should be adopted, in which residents have a role in deciding how some portion of NYCHA operating and capital funds are allocated within the development over the near future.

**Affordability Issues**

*Degree of Affordability May Depend on the Rental Market Context*

The NYCHA Plan includes two models of affordable housing development. 10,000 apartments will be developed in 100-percent affordable buildings. The remaining 7,000 apartments will be mixed-income buildings, with 50 percent of the apartments affordable. The assumption is that the mixed-income model will be used largely in the stronger rental markets where NYCHA leasing can generate significant revenues. Although 80 percent of the total units developed on NYCHA land will be affordable, the proportion of affordable units may vary with the market context. The need for affordable housing is great, particularly in high-rent and gentrifying neighborhoods. Should the degree of affordability depend on market context?
Affordable for Whom?

The NYCHA Plan calls for affordable housing for households with incomes up to 60 percent of AMI, that is, about $46,000 for a family of three. But it may not accommodate poor or very low-income New Yorkers, or many current NYCHA residents, unless additional subsidies are brought to bear, such as project-based Section 8 vouchers available from NYCHA and HPD. To date, the NYCHA RFP (Request for Proposals)—for Millbrook, Ingersoll, and Van Dyke Houses—gives preference to proposals offering deeper affordability, but there is no voucher commitment or assurance that very low income families will be within reach of the housing.

Since “Infill housing” is a joint undertaking by NYCHA and HPD, proposals must conform to HPD “term sheets” that set out guidelines to developers for different models of affordable housing, including admission preferences. For instance, SARA—the senior housing model—gives preference to the formerly homeless for 30 percent of the units. Under ELLA—the low-income 100% affordability model—the developer can either exercise the same homeless preference or offer a “tiered income mix”—from 30 to 50 percent of AMI—for 40 percent of the units. Neither term sheet spells out admission preferences for NYCHA residents or the community at large.

The current NYCHA-HPD RFP calls for a 25 percent preference for NYCHA residents and a 50 percent community preference. But it is unclear whether and how the HPD term sheets will accommodate NYCHA residents, or whether the homeless will be accommodated under the ELLA model if tiered incomes are used. These competing demands—both of them justifiable—are not reconciled in the RFP or the plan.

Affordable for How Long?

Under the current RFP, the newly built affordable housing must remain in rent stabilization under the law for a period of at least 30 years. Since NYCHA will retain ownership of the land through a ground lease, it may be possible to incorporate use restrictions in the lease that require a longer affordability period, possibly through the life of the lease.

We Recommend:

- Given the scarcity of land suitable for affordable housing development, publicly-owned NYCHA land should be used exclusively to support affordable housing for low-income New Yorkers. The mixed-income model should be abandoned, except where the resident community and NYCHA reach agreement on the degree of affordability. The community visioning process should be an opportunity for residents to assess potential benefits and costs attached to mixed-income development, including whether the revenues generated by leasing and developer fees can be used to address on-site capital improvement needs.

- To deepen affordability and reach lower incomes, both HPD and NYCHA should commit Section 8 project-based vouchers to all housing developed on NYCHA land.

- Admission preferences for all affordable housing developed on NYCHA land should
specify 25 percent of units for current residents and 25 percent for the formerly homeless.

- New HPD term sheets for NYCHA-based housing development must be prepared, which reflect these preferences. They should also be consistent with admission preferences put forward in requests for proposals.

Ownership Structure

To sustain long-term affordability and the admission preferences specified in the initial regulatory agreement, the ownership structure of the new housing should be a public-private partnership in which NYCHA maintains as much control as possible over the foreseeable future.

We Recommend:

- The Authority should retain a 99-year ground lease for all affordable housing developed on NYCHA land. NYCHA should not sell its land to developers.

- In assessing developer proposals, preference should be given to nonprofit developers committed to long-term affordability, particularly those endorsed by the resident community.

- The regulatory agreement governing the new housing should maintain use restrictions—affordability and admission preferences—for the life of the ground lease.

Jobs and Labor Provisions

Housing development plans on NYCHA land should generate good jobs at decent wages. They should also offer opportunities for residents to gain training and employment in the construction trades, as well as preference for the permanent jobs generated.

We Recommend:

- Prevailing wages should be required for all construction under the NYCHA plan. Where necessary, developers should be given the option of waiving the prevailing wage requirement by entering into a Project Labor Agreement (PLA) with the Building and Construction Trades Council.

- Section 3 requirements should apply to all construction and permanent jobs generated by development activity; they should emphasize maximizing entry into state-certified apprenticeship programs to ensure career paths.

Monitoring Revenues Generated

The NYCHA revenues generated by development can be a critical resource to address on-site repairs and major improvements. Several measures are needed to assure that commitments to residents are carried out, by providing greater transparency as capital is allocated to meet needs.
We Recommend:

- In evaluating proposals from developers, consideration should be given to maximizing revenues from land-leasing, developer fees, and any other sources.

- Revenues generated by development should first be committed to address the on-site backlog of needed major improvements. Any excess revenues should be allocated to other NYCHA developments.

- NYCHA should maintain an ongoing, open accounting of the capital pool generated within each development and its allocations over time to needed improvements.

PLANNED TRANSFER/CONVERSION OF EXISTING HIGH-COST DEVELOPMENTS

The NextGeneration NYCHA Plan calls for the transfer or conversion of 15,000 public housing units, which absorb disproportionately high operating and capital costs. The affected developments fall into two categories: scattered-site developments and distressed/obsolete developments:

Scattered-Site Developments:

These developments (with 6,400 units) are lower-rise buildings that NYCHA took over during the 1970s housing abandonment wave. Since they differ from conventional public housing, they tend to cost more per unit to manage and repair. The NYCHA Plan calls for transfer of these developments to private, nonprofit ownership, under which they would be rehabilitated and retained as affordable housing through available programs, although they would no longer be public housing.

“Distressed/Obsolete” Developments:

These are NYCHA tower-in-the-park developments (with 8,300 units) which meet HUD’s definition of “obsolete”—that is, where the cost to rehabilitate would be more expensive than new construction. The NYCHA plan calls for the conversion of these developments through available HUD programs. One program model is the HUD Rental Assistance Demonstration (RAD) under which public housing subsidies are replaced by long-term rent assistance contracts, enabling the new owner to borrow private capital to make improvements. Under RAD, a new ownership structure would be required, in which NYCHA might play a part, but the development would no longer be treated as public housing. Ocean Bay Houses (Bayside) in Far Rockaway, with 1,400 units, is currently the only NYCHA development going through the RAD process.

We Recommend:

- Residents need to know what category their developments fall into. NYCHA must release a list of all scattered-site developments. Similarly, it must release at the earliest possible date a list of developments that are technically assessed as “obsolete.”
• NYCHA should retain the strongest possible role in the new ownership structure, so that ongoing affordability is assured. It should, at the least, retain ownership of the land by leasing, not selling it to the new entity.

• NYCHA should press for these developments to be included in the preservation component of the Mayor’s Housing NY Plan, under which 120,000 existing affordable units are to be preserved over the next 10 years.

• Job and labor standards for any rehabilitation work should be identical to those recommended above for the affordable housing development program.

SECTION 8 HOUSING VOUCHER ISSUES

Reduction in the Payment Standard

As of 2016, when voucher holders come up for recertification NYCHA will apply a reduced payment standard of 105 percent of the HUD-set FMR (Fair Market Rent), instead of the previous 110 percent. The reduction—a response to decreased federal funding and rising voucher costs—is intended to continue subsidies for all current voucher holders, although at lower levels. NYCHA estimates that, as a result, one-third of voucher holders (29,000 households) will have to pay a larger share of the rent for their current apartments, an average $25 monthly increase. Many voucher households, typically with extremely low, fixed incomes, may fall behind in rent and end up at risk of eviction.

We Recommend:

• NYCHA should identify Section 8 households that will be adversely impacted and work with the NYC Department of Finance to enroll them, where possible, in the Senior Citizen or Disability Rent Increase Exemption Program (SCRIE and DRIE).

• NYCHA and the city should press the state to increase the shelter allowance for Section 8 voucher holders receiving public assistance to the levels now received by private landlords. At present the state and city pay discounted shelter allowances toward vouchered apartments.

Voucher Support for 5,000 Unsubsidized Public Housing Apartments

About 5,000 public housing units in former state and city developments receive no operating or capital subsidy from any level of government. In 2008, because of state and city disinvestment in their 21 developments (20,000 units)—resulting in a $90 million annual operating shortfall—NYCHA forged a voluntary conversion agreement with HUD in which 8,400 units were to be supported with Section 8 vouchers. But the program was voluntary and only 3,400 resident and waiting list families accepted the vouchers. When the developments were federalized in 2010, the outstanding 5,000 units were not included in federal calculations of operating and capital subsidy. The current operating shortfall is over $20 million annually.
We Recommend:

- The estimated 500 to 600 vacancies per year in these buildings should be opened to homeless shelter families receiving HPD Section 8 vouchers through the Department for Homeless Services (DHS) and the Human Resources Administration (HRA). Many such families have had trouble finding apartments in the open market.

**STRENGTHENING RESIDENT ORGANIZATION**

Throughout the NextGeneration NYCHA Plan there are numerous opportunities for engaging residents in a meaningful way. NYCHA should view residents as partners in the strategic planning for the future of their communities. Residents should be included early in the process, not just as a sounding board for an already developed plan. NYCHA must commit itself to supporting a truly collaborative process.

HUD Tenant Participation Activity (TPA) funds now amount to a cumulative unused pool estimated at $13 million, which accrues over $3 million in addition each year. NYCHA and the Citywide Council of Presidents (CCOP) must come to an agreement on how to make the best use of this critical, underutilized resource.

We Recommend:

- NYCHA and CCOP must see that effective training for resident leaders is provided on an ongoing basis, by allocating a fixed portion of TPA funds every year. Training is sorely lacking in such areas as organizing skills, advocacy, and engagement with NYCHA and the community at large.

- Leadership training should be provided under contract with independent technical assistance providers, not by NYCHA itself. (The farmer should not be counseling the chicks.) Resident preferences should be considered in selecting the provider.

- In promoting stronger resident organization, NYCHA and CCOP should give major emphasis to engaging younger residents and those with limited English proficiency.

- The process through which resident leaders apply for TPA funds needs to be simplified and expedited.

- A portion of TPA funds each year should be made available to resident leaders for expanding programs at senior and community centers.

- An independent, external audit of the use of TPA funds to date should be conducted in order to assess and correct for past underutilization and any past misallocations.

- NYCHA needs to be more transparent in providing useful information and data to
resident leaders at each development, so that they can be more effective decision-makers. For example, residents need to have up-to-date information for their development concerning repair work orders, outstanding capital improvement needs, and NYCHA efforts to address them.

**CITY TAKE-OVER OF NYCHA-MANAGED SENIOR & COMMUNITY CENTERS**

We commend the city for taking over the remaining 41 NYCHA-managed senior and community centers as of July 1, 2015, by transferring responsibility to the NYC Department for the Aging (DFTA) and the Division of Youth and Community Development (DYCD). We are, however, concerned that in the transition potential disruption to the community and to the staff be kept to a minimum:

*We Recommend:*

- To promote continuity, DFTA and DYCD should plan programs at each center in coordination with the Board of the Resident Association at the development.

- Staff displaced by the transfer should be given every opportunity to retain employment with the city at a comparable level.

- The public housing development should retain rights to use the center facilities, when needed, for social functions, emergencies, or other special needs.

**ELIMINATION OF 1,000 CENTRAL OFFICE NYCHA POSITIONS**

The NYCHA Plan proposes that these eliminations will take place in “central office” locations—250 Broadway, 90 Church Street, Long Island City—and will not affect “front-line” housing management positions at NYCHA developments.

*We Recommend:*

- Staff displaced by the transfer should be given every opportunity to retain employment with the city at a comparable level.

- The use of “outsourced consultants” in central administrative offices needs to be justified through a rigorous analysis of costs. It should be kept to a minimum.

**INCREASES IN RESIDENT PARKING FEES**

It is understandable that NYCHA wants to use its parking facilities to the maximum extent to help generate the revenues it needs to strengthen operations and catch up with its backlog of major improvements. However, the parking fees charged to residents may—in some high-cost locations—increase from about $30 monthly to the maximum resident fee of $150 monthly.
For some households, a car may be a necessity, for instance when it is required for work commutation or because of a disability, and this may be a steep increase they are unable to afford.

*We Recommend:*

- NYCHA should phase in parking fee increases gradually, over a five-year period.

- In exceptional cases, where it has a prohibitive impact on the household, NYCHA should consider waiving the fee increase altogether.

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1 “Affordable” apartments are intended to serve household incomes no greater than 60 percent of the HUD area median income (AMI), roughly $46,000 for a family of three. Depending on the mix of subsidies—such as Section 8 project-based vouchers—the incomes targeted may be much lower.