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**TESTIMONY OF STATE SENATOR BILL PERKINS BEFORE THE NEW YORK CITY
HOUSING AUTHORITY (NYCHA) | RE: NYCHA DRAFT FY 2016 ANNUAL PLAN
PUBLIC HEARING**

Good evening, my name is State Senator Bill Perkins and I have the honor of representing the 30th Senatorial District which encompasses Harlem, the great preponderance of East Harlem and portions of the Upper West Side.

I have nearly 50 New York City Housing Authority (hereinafter NYCHA, or the Authority) developments in my Senatorial District, spanning 324 buildings, 28,119 apartments and a total of number of 61,298 residents that I am privileged to represent. NYCHA is one of the last vestiges of true, permanent affordable housing in our City and each development is a scarce and vital public resource of collective good that must be sustained and supported.

The NYCHA Draft FY 2016 Annual Plan is a comprehensive document that, in contrast with iterations presented in previous years, is not a static rendering of the status quo; in fact, it contains many of the proposed measures recently elucidated in a report by the Authority called "Next Generation NYCHA." I will limit my testimony to the aspects of Next Generation NYCHA that appear in the Draft Annual Plan.

First and foremost, it is important to declare that I am in complete agreement with all of the points made in the collective testimony submitted by the **New York City Alliance To Preserve Public Housing**, with particular emphasis on critical concerns raised with regard to the "Infill" Concept—including the Community Visioning Process, levels of Affordability and the Ownership Structure—and the transfer and conversion of public housing units into the Section 8 Program. I find that the Alliance testimony is always a prescient baseline for the Authority to measure itself against.

Without question, NYCHA is attempting to change the way they operate and the way they are funded. It seems that a decade and half of federal disinvestment has grown from a disquieting but temporary trend to a concrete and terminal reality. Instead of spending time advocating for the repeal of the Faircloth Amendment, we are now taking it as a given that the Federal Government will never authorize the construction of new

traditional public housing developments, let alone fully support our existing developments at the level required by statute, formula and human decency.

NYCHA now speaks of a new “business model” that “attracts outside financing” within a portfolio that “holds enormous untapped potential.” These buzzword phrases are of the type normally deployed by developers who exist to make a profit, not provide a public good. These words—and more importantly the plan behind them—strike within me a sense of pause and signal that we must view many of the changes contemplated by the Authority with the strictest of scrutiny. As always, the specter of transformation that brings privatization and gentrification concerns me greatly. The one thing that separates NYCHA from private developers is that they serve the public good; they are a mission-based not-for profit organization. Privatizing or quasi-privatizing any aspect of NYCHA—no matter how unique or nuanced, raises a red flag. By definition, private developers serve a private interest; they exist to make money, whether off of exorbitant market rate rents or generous tax credits and subsidies, or both. Adding the profit motive to even one development or building in NYCHA is a step that is simply inconsistent with the mission of the Authority. So many examples exist of the public good being diluted and compromised by private greed; the funding structure of Charter Schools and the Puerto Rican debt crisis are two prime examples of the colossal ramifications of greed (guised as generosity) that supposedly serves the public good. It is through this lens that I view the plans of the Authority.

INFILL, REVISITED

Next Generation NYCHA attempts to revive an “Infill” strategy that was originally proposed in 2013 by Mayor Bloomberg and then-Chair John Rhea. The original Infill strategy was an unprecedented land disposition project that would have affected eight developments across Manhattan (two, in particular within my district)—by forever eradicating parks, open spaces, parking lots, recreational spaces and community centers and replacing them with monolithic luxury housing towers. The 2015 iteration is more comprehensive in scope, meaning it ultimately seeks to target more than eight developments, but the Authority seems to acknowledge the approach in 2013 was wrong-headed, particularly to the extent that it did not empower, consult with and treat as equal partners, the residents of affected developments. This time around, the Authority seems more focused on true collaboration with residents and leveraging more affordability, yet their approach still raises many questions.

The Authority may very well have some type of good intentions behind partnerships that lead to the direct or quasi-privatization of land. However, previous land dispositions have been used for a number of questionable purposes; for example, the creation of Charter Schools, such as Harlem Children’s Zone Promise Academy I at St. Nicholas Houses and DREAM Charter School at Washington Houses. Furthermore, at the heart of the 2013 Infill proposal was the maximization of profit that could be obtained by

developers of market-rate towers in areas that have been ravenously developed to the point of hyper-gentrification. In 2013, NYCHA proposed 80/20 projects; the new iteration under consideration proposes a 50/50 split between market rate and “affordable” units. This may in fact, be positive; however, in my judgment—the ideal standard for any project that NYCHA is a party to should be 100% true affordability—and no measure of privatization.

That being said, I raise the following concerns and recommendations with respect to the new Infill strategy:

Affordable For Whom: The baseline standard of “affordability” for Infill projects is 60% of Area Median Income (AMI) which equates roughly to an annual household income of \$47,000; yet the average income of current NYCHA residents is \$23,000. In practice, this means that over half of current NYCHA residents, and presumably half or more of those on the current wait list, would be effectively barred from securing a residence from this program. This is extremely problematic to the extent that new developments would not be able to effectively serve and directly benefit the residents and prospective residents of public housing.

Encouraging Gentrification And Escalating Rents: It appears that NYCHA will be proposing 50/50 mixed use/finance projects in areas where the value of the land is greatest, namely in areas where the rent is already exorbitantly high, and pushed higher every day with the erection of new multiple dwellings catering to rich gentrifiers. The moment NYCHA enters into agreements where the preponderance of housing units created are market rate, they become just like other developers and landlords, who develop financial capital, not human capital. While NYCHA may in fact leverage their land for money that can be reinvested in the tremendous capital needs of existing public housing, at the same time they will actually join in with the market forces and pressures that drive rent up in the first place and rapidly change the character and composition of our communities. It is ironic, at the very least, that the same projects that seek to preserve public housing and create affordable units, also underwrite and legitimize the forces that drive rents up and turn-over communities in the first place.

Length Of Affordability; Equal Rights: As always, it is unclear whether or not “affordable” apartments created with mixed finance transactions will remain *permanently* affordable for life, as if they were a traditional public housing unit, or if they will be treated differently and eventually age-out of affordability. Questions must be answered, including are such units subject to the exact same NYCHA standards in terms of affordability, tenancy, succession rights and the like? Does NYCHA guarantee that such residents will never pay more than 30% of their income towards rent? Without an ironclad guarantee of permanent affordability at a level that the average NYCHA residents, or wait-listed families can afford—combined with the same spectrum of rights

and protections—we have to ask ourselves if this a good deal for those who call public housing home.

How Strong A Preference For NYCHA Residents: According to the Authority, NYCHA residents are guaranteed a preference to live in any new housing that is created under the Infill plans. However, it is unclear if this is a 100% preference or not; meaning are all NYCHA residents considered first, and then, others, or is everybody who is otherwise interested and eligible also considered? This type of question is of critical importance because we know that the demand for “affordable” units exceeds supply by an inexorable amount. In addition, what status and rights are accorded to the 200,000 individuals that are currently on the waiting list for NYCHA housing? The Authority must weigh a number of factors and considerations; however, conclusively, only a plan that gives a 100% preference to those in the NYCHA system makes sense.

Residents As The Ultimate And Deciding Voice: As the Authority proceeds—with a real pivot in their mission—the most important variable to consider is a true partnership with the residents of public housing. Simply stated, in all Infill decisions, residents should be the first, foremost and deciding voice. In terms of resident engagement, NYCHA is attempting to make progress on this front and I acknowledge and encourage this. However, the residents of NYCHA developments must be the ones who collectively decide how to “re-vision” their homes. They are the ones who should ultimately decide if a parking lot should be repurposed, or if it is in the best interest of future generations that trees and green spaces should fall and give way to private development backed by private streams of money held out by those whose mission is not the same as the Authority’s. These are truly substantial and potentially transformative decisions; all the more reason why the residents must be the ones who make them, without qualification.

ELIMINATING PUBLIC HOUSING UNITS

Next Generation NYCHA speaks of the transfer of approximately 15,000 public housing units from their present state to various forms of other public subsidy, predominantly through the Section 8 Voucher Program. The 15,000 units are a combination of 9,000 traditional public housing apartments deemed “obsolete” by HUD and approximately 6,000 owner-abandoned buildings, housing “scattered-site” units turned over to NYCHA in the 1970’s. According to the Authority, together, these 15,000 “scattered-site” and “obsolete” units represent only 8 percent of NYCHA’s total real estate portfolio, but 18 percent of NYCHA’s total \$16.9 billion unmet capital need.

While the cost and programmatic shifting envisioned by the Authority makes sense from a fiscal perspective, the central question that must be asked is, what is the difference between a public housing unit and a Section 8 Voucherized unit? Do the exact same rights, with respect to permanent affordability, tenancy, succession rights, and all of the other enhanced services offered at and through traditional NYCHA locations attach to

these 15,000 units, which represent individuals, children and families numbering in the tens of thousands? If all of the same rights do not inhere, what are the distinctions and how critical are they? At the outset, NYCHA should be exactly clear about what the differences and distinctions are between these two disparate arrangements. The last thing we want to do is permanently lose 15,000 public housing units that will never come back again. Section 8 funding is under attack in Washington, D.C. by Congress just like operating aid to Public Housing Authorities. We may trade one perilous funding source for another under this type of arrangement, while at the same time not guaranteeing the same level of inherent and essential rights that protect residents of public housing.

IMPROVED RENT COLLECTION; PARKING RATES; EQUITY

Improved Rent Collection: NYCHA aims to bolster their operational bottom line by improving on the collection of rent from residents. According to the Authority they only collect 74% of the rent that is owed to them, meaning that currently 26% of residents are not up to date or actively remitting their rent at present. While it is rational and within the scope of the Authority's powers to attempt to increase collection, the questions that arise are multi-fold: (1) To what extent are the 26% of individuals who are behind on their rent currently unable to legitimately pay the rent due to financial constraints; and (2) To what extent are individuals withholding rent, per pending litigation or outstanding repair requests or other actions with respect to the deterioration/inhabitability of their apartment. The Authority clearly must account for these two scenarios. In the former, more ways to pay rent coupled with more aggressive collection will be a meaningless endeavor to families who find themselves in compromised financial straits. In addition, and perhaps most importantly, families that are behind on their rent, are, in many cases close to homelessness. It would be entirely counterproductive for NYCHA to commence more intense rent collection techniques on families, when the next step would be a termination proceeding, possible referral to a shelter, and circling back around in housing vulnerability spiral that we are taking steps to eradicate.

Parking Rates: The Authority seeks to get more revenue out of their collection of parking lots, save for the ones that may be discarded and otherwise developed under the Infill plan. Two issues are raised here, as follows: (1) Since the Authority has proposed something along the order of a six-fold increase in parking fees over the current rate for residents, how are they planning to implement it; will there be a gradual phase-in; and will there be waivers granted for those who would otherwise be unable to pay their rent and an additional parking fee of \$150 per month or more. (2) Once the Authority has commenced selling parking space at market rate fees to non-residents of NYCHA, as per their new plan, what happens when a public housing resident requests a parking space, but there are none left. Will any provision be made for those residents who do not need a space now but may require one in the future.

Equity: I would be remiss if I did not raise the issue of equity as it pertains to much of the scope of NYCHA's Next Generation Plan. Many of the proposals in Next Generation

NYCHA and in the body of the Annual Plan itself have the potential to make a difference, while also creating winners and losers. NYCHA talks in broad strokes about reinvesting money from various schemes in the overall portfolio, but the details of many of the initiatives are so nebulous at this stage it is unclear if all residents are being treated fairly. If the residents at a particular development give up a parking lot for “affordable” housing, to what extent does the money generated accrue to that development versus all others, many of which have the same rehabilitation-based needs. Similarly, do all residents have an equal shot at new apartments, do all developments share in the proceeds of transactions with the private sector; and do all those individuals and families under the scope of NYCHA, including those who will be transferred to the Section 8 Voucher Program have the same exact rights of tenancy, affordability and succession, among others. The bottom line is that separate but equal never works. NYCHA must proceed forward in a way that protects, enhances and empowers the rights of all those whom NYCHA serves, from the largest Tower in the Park, to the smallest garden style apartment.

CONCLUSION

Ultimately, NYCHA attempts to chart a new course with this Annual Plan and the attendant Next Generation initiative. Incessant federal underfunding, combined with many other variables, place the Authority in a position where it must maximize every opportunity to find and generate revenue in the name of staying solvent. To be clear, revenue maximization and leveraging land was not part of the original mission of NYCHA—and I am convinced that the Authority sacrifices something important in doing so. NYCHA, as an affordable housing provider, has always been a success story and is one of the last bulwarks against the forces of gentrification and excessive market rate rents in our communities. In this new era, I hope that the Authority will be led and guided by the collective voices and will of the residents and take steps to ensure that the next generation of NYCHA are treated like the very first generation.