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Gale A. Brewer, Borough President

**Gale A. Brewer, Manhattan Borough President
Testimony to the NYC Housing Authority
On the FY15 Significant Amendments to the Annual Plan
April 20, 2015**

Good evening. My name is Gale A. Brewer and I am the Manhattan Borough President. I represent over 53,000 units of NYCHA housing across 102 developments in the borough of Manhattan. Thank you, Chair Shola Olatoye, for the opportunity to testify today.

I am advocating for several things. First, for sufficient communication regarding Flat Rent Policy when implementation starts in June; second, for more transparency for all capital projects; and third, for capital repairs to be effective and efficient.

Today's hearing addresses the ongoing development of the Flat Rent Policy, which is being implemented as a result of Congress's FY2014 Omnibus Appropriates Act (PL 133-76) and Notice 2014-12 issued by the Department of Housing and Urban Development (HUD). Under this policy, NYCHA households currently paying *both* less than 30% of their annual household income and less than 80% of Fair Market Rent on their units

As implementation of the Flat Rent Policy approaches starting with annual recertifications on June 1, 2015, more details about who will be affected under this policy have emerged: 20% of NYCHA households, or 35,000 households, will have their rents adjusted under the Flat Rent Policy. These tend to be higher-income households that earn an average of \$53,346 per year as compared to average annual income among NYCHA residents of \$23,150 per year. These households currently pay an average of 23% of their income toward rent, and at no point under the Flat Rent Policy will they be required to pay more than 30% of their annual income for rent.

In my testimony to NYCHA on the then-proposed FY15 Annual Plan last July, I lent my support to NYCHA's decision to seek a five-year phase-in period of the Flat Rent Policy instead of the three required by HUD, with the understanding that any rent increase will significantly impact the day-to-day budgeting of a household whether a family is paying 30% or 23% of its income for rent. Unfortunately, as we all know, HUD has denied NYCHA's request and the Flat Rent Policy must now be accelerated on a three-year timeline.

HUD's decision makes it even more important for NYCHA to conduct sufficient, extensive, and language appropriate education and outreach to all families expected to be affected by the Flat Rent Policy. Once again, I urge NYCHA to clearly communicate how families may apply for rent hardship if needed, both during and after the transition period into 80% Fair Market Rent. I also urge NYCHA to have staff ready to answer questions about the Flat Rent Policy to sufficiently guide households through their transitions.

Today's hearing also addresses NYCHA's FY2015 Capital Fund Annual Statement and 5-Year Action Plan. We all understand that diminishing federal support for NYCHA has resulted in an increased funding gap between capital dollars allocated to NYCHA and existing capital needs. Latest numbers indicate an almost \$15 billion capital funding shortfall for FY2015-2019.

While it is sensible—and inevitable—that NYCHA must look at all possible options to sustain its capital and operating needs, at no point should NYCHA move forward with any capital transactions without adequate transparency and oversight on how a transaction has come about, who are the parties involved, what are the risks of such a transaction, and how it will impact NYCHA residents.

As I have raised repeatedly over the past months, I am dismayed by the lack of transparency surrounding the sale of 50% ownership of six NYCHA properties to private developers in December 2014. There was no communication to NYCHA residents or to elected offices until just weeks before the sale's closing date, and by then the transaction was a done deal. Furthermore, this deal took the six affected buildings out of classification as public housing and into Project-Based Section 8, and as a result, resident leaders in these buildings are no longer able to participate in Citywide Council of Presidents (CCOP) meetings starting next year. This is a major step back for developments such as Campos I in the Lower East Side, which has an active Residents Association and has been an integral part of NYCHA's larger CCOP network.

What will happen with families on waiting lists? How will this affect long-term affordability? And more immediately, who do the residents of the affected buildings pay rent to? There are so many unanswered questions, and I hope this deal serves as an example for NYCHA to not jump into any future projects to generate capital funds without communicating with residents and resident leaders well in advance on a project's potential impact. Resident leaders want to engage with NYCHA. They must be involved in the decision-making process of how capital improvement resources will be allocated and used.

Finally, as NYCHA considers how to use its limited resources to meet enormous capital improvement needs, I would like to call for the obvious: fix the actual problems. If an apartment has a mold infestation, a maintenance worker shouldn't simply paint over the mold. The affected walls should be ripped out, any water leaks and drips that caused the mold in the first place should be fixed, and issues in adjacent apartments taken care of so the mold doesn't come back.

We all know NYCHA is pressed for resources. If a maintenance or repair issue is fixed and the cause of the issue is properly remedied, then repeated requests to fix the same problem will not clog NYCHA's existing pipeline of capital improvement backlogs. If a maintenance worker doesn't keep going back to the same apartment only to stuff tissues into holes in the wall, then more staff time can be freed up to address new repair needs. With improved internal effectiveness and efficiency, NYCHA will then be able to harness more of its capital funds for meeting building-wide, structural capital needs.

Thank you for the opportunity to testify today. I am committed to continue working with you to improve the quality of life for all NYCHA residents.