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**Gale A. Brewer, Borough President**

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Testimony to the New York City Housing Authority  
On the Proposed Amendment to the FY2016 Annual Plan  
April 5, 2016**

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My name is Gale A. Brewer and I am the Manhattan Borough President. Thank you to Chair Shola Olatoye and to members of the NYCHA Board of Directors for the opportunity to testify today.

Today's hearing addresses changes that NYCHA plans to incorporate into its FY2016 Annual Plan. I would like to speak on two of these changes:

- Adding two NextGeneration Neighborhoods proposals, commonly known as infill development, for the development of mixed-income housing (50% affordable and 50% market rate) at Holmes Towers on the Upper East Side and Wyckoff Gardens in Brooklyn; and
- Redefining the definition of “a substantial deviation from the PHA Plan” to exclude conversion of NYCHA housing into Projected Based Rental Assistance or Project Based Voucher Assistance Section 8 housing under the Rental Assistance Demonstration (RAD) program.

**NextGeneration Neighborhoods at Holmes Towers**

When I testified about NYCHA's FY2016 Annual Plan in August 2015, I cautioned against offering anything less than 100% affordable housing for infill developments. I foresaw that market rate housing would be planned for neighborhoods with high real estate values and would likely include NYCHA sites in Manhattan. I cannot comment on Wyckoff Gardens since the community engagement process there is different and includes a ULURP. As plans for mixed-income development at Holmes Towers move forward, I continue to call for NYCHA to re-evaluate its intention to promote the 50-50 model for infill projects.

NYCHA's reasoning for offering market-rate rental at select infill sites may seem sound or even necessary at first glance: dwindling federal funding coupled with rising capital improvement needs on existing NYCHA developments compel the agency to explore new ways to bring in revenue. However, at the March 28, 2016 City Council Committee on Public Housing hearing, NYCHA admitted that projected revenue from NextGeneration was not as profitable as anticipated. For example, projected rental income from leasing ground floor commercial space was adjusted downward from \$6 million to between \$3.6 million and \$4.2 million, a reduction of 30% to 40%. If commercial revenue requires such a drastic readjustment, then what guarantee is there that residential units will not also see price adjustments at the market rate level?

The question that NYCHA ought to answer for all mixed-income infill projects is this: At what expense is NYCHA willing to allow private developers to profit from *public land*? NYCHA is effectively foregoing the opportunity to provide more affordable housing on its sites. If the anticipated benefits from leveraging market-rate rental income does not materialize, can NYCHA then justify having leased away valuable assets that were originally intended to further public good?

Specifically for Holmes Towers, the 537 apartments in the development's two buildings are home to 532 families with an average annual household income of \$22,079. These are families that cannot afford to live anywhere else within the same zip code, which has a median household income of \$115,485 according to 2014 American Community Survey data. If NYCHA insists on moving ahead with mixed-income development, then the rental income from market rate units *must* be used to 1) maximize the number of new affordable housing units created within the same project for very and extremely low income households; and 2) pay for all \$31.5 million of major capital improvement needs at Holmes Towers.

Regardless of the type of housing that will be built, NYCHA must work with residents now to increase its Resident Economic Empowerment & Sustainability (REES) training programs to place workers into jobs when construction begins. As the oversight agency, NYCHA must hold the winning RFP bidder accountable to Section 3 hiring requirements and to the New York City Fair Chance Act, which I co-sponsored with Council Member Jumaane Williams and which went into effect on October 27, 2015, so that no qualified job applicant is denied employment based on his or her criminal history.

Finally, in light of HUD Secretary Julio Castro's guidance memo issued on April 4, 2016 to Public Housing Agencies, prohibiting "blanket banning" of housing to individuals with criminal history, I urge NYCHA to revise its current policy of evicting families because of a household member's criminal history—even if that member's charge is later dismissed—and to ensure that developers and management companies selected under NextGeneration Neighborhoods RFPs will not blanketly discriminate against applicants with criminal history.

### **Redefining "Significant Amendment" for Rental Assistance Demonstration (RAD)**

Under the NextGeneration Plan, NYCHA plans to convert about 15,000 units of its housing stock, mostly scattered-site developments in its portfolio, into Project Based Section 8 housing over the next 10 years. With HUD's approval, selected sites can be converted either into Project Based Voucher Assistance (PBV) or Project Based Rental Assistance (PBRA). While both are Project-Based Section 8 programs that will allow residents to continue paying 30% of their annual household income toward rent, PBV and PBRA function under different income eligibility requirements, have different contract durations, and call for different ownership and program administration structures.

Impact on current NYCHA residents will be most evident for households waiting to move into or relocate within NYCHA housing. Who and how someone will receive a Section 8 voucher for a vacant unit will differ depending on whether the development has been converted into PBV or PBRA, which does not have the same income eligibility and wait list administration requirements.

I understand that converting 15,000 units into Project-Based Section 8 developments means identifying upwards of 50 NYCHA sites for RAD and can be labor intensive for NYCHA's administrative staff. But changing a development into a different program *is* significant. Particularly for PBRA conversions, NYCHA is required to enter into a public-private partnership so that the private partner can leverage private debt and equity to generate revenues for capital improvements and ongoing operations. Switching from NYCHA-only management to joint-ownership under a time-limited HUD contract may also have long-term implications on affordability. At minimum, NYCHA residents, community stakeholders, and the general public should have the opportunity to provide input during a 45-day review period and at a public hearing. NYCHA must not, whether for expediency's sake or in anticipation of RAD conversions becoming common practice under NextGeneration, reduce the level of resident and community engagement by taking this process out of the definition of "significant amendment."

In summary, I urge NYCHA to implement NextGeneration Neighborhoods in a way that maximizes benefits to current NYCHA residents, from increasing the number of affordable units to strengthening its job training program, and from fully funding existing capital improvement needs to enforcing nondiscrimination in housing and hiring. I oppose the removal of RAD conversion as a "significant amendment." Doing so would end public engagement of tenants in the process and go against NYCHA's stated goal in NextGeneration to increase communication and engagement with residents and other stakeholders.

Thank you for the opportunity to testify today.