

**TESTIMONY FROM NYCHA EXECUTIVE VICE PRESIDENT FOR CAPITAL PROJECTS
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MONITORING FEMA'S \$3 BILLION GRANT TO NYCHA FOR SANDY-DAMAGED
DEVELOPMENTS
COMMITTEE ON PUBLIC HOUSING WITH THE COMMITTEE ON RECOVERY AND
RESILIENCY
THURSDAY, APRIL 30, 2015 – 10:00 AM
COUNCIL CHAMBERS, CITY HALL, NEW YORK, NY**

Chairman Ritchie Torres and Chairman Mark Treyger, members of the Committees on Public Housing and Recovery and Resiliency, and other distinguished members of the City Council, good morning. I am Raymond Ribeiro, the New York City Housing Authority's Executive Vice President for Capital Projects. Joining me today is Michael Rosen, NYCHA's Vice President for Disaster Recovery. We appreciate the opportunity to discuss NYCHA's work to recover from Superstorm Sandy by reinventing New York City's public housing, making it stronger and more resilient through an historic \$3 billion program.

Unprecedented Destruction

In late 2012, Superstorm Sandy brought unprecedented destruction to areas across our city, including dozens of NYCHA developments. Eighty thousand NYCHA residents in 423 buildings were greatly affected, many of whom are still impacted today. I want to thank Chairs Torres and Treyger for their leadership on this critical issue and for helping to bring attention to this urgent matter at a time when many residents felt forgotten. Thank you to the representatives of the significantly affected developments – Councilmembers Chin, Menchaca, Mendez, and Richards – for maintaining a focus on our recovery efforts. And thank you to the rest of the Council for your steadfast support and partnership as we worked together to address residents' needs. Thank you to our federal representatives, including Senator Schumer, and FEMA for this opportunity to rebuild stronger and smarter, for today's New Yorkers and the next generation.

A Year of Progress (and an Unprecedented Investment)

Last year's hearing at Carey Gardens to discuss the mobile boilers we installed in Sandy's wake marked the first time that a City Council hearing was actually held at a public housing development. That innovative, bold initiative represented a new, better approach to governance that was both effective and appreciated. Since that meeting, we've applied our own innovative and bold approaches to Sandy recovery and, as a result, we've made considerable progress in our efforts. The program as a whole will profoundly impact what our buildings look like and how they operate, improving the quality of life for NYCHA residents.

At that hearing 14 months ago, many residents said that the oil-burning mobile boilers installed as soon as the storm subsided were unreliable. NYCHA's plan to address issues regarding those temporary boilers was just underway at that time, and is now virtually complete. We replaced those temporary mobile boilers with newer, more efficient mobile boilers that run on natural gas. These boilers have built-in backups in case an individual boiler goes offline for general maintenance or repairs. They are resilient, as they are housed in trailers that are insulated and raised above grade. They are cleaner burning and more environmentally friendly, and they make refueling more efficient (since our developments already receive natural gas). They're also more reliable: This winter, even though we had colder temperatures for longer periods of time than the previous season, there was a significant reduction in heat complaints.

At the time of last year's hearing, we described a Sandy recovery program of approximately \$1.8 billion. Now, thanks to the agreement we forged with FEMA on the scope and cost of recovery work, we will receive approximately \$3 billion. That represents FEMA's largest grant ever to a single entity, and the largest investment in public housing since its inception. As a result of our negotiations with FEMA, much more work has been deemed eligible for FEMA funds. For example, in the original plan, FEMA would not fund any new generators. But now, as part of the \$3 billion program, every NYCHA building impacted by Sandy

will have emergency backup power for the entire building. Now we can make significant repairs **and** rebuild with layers of resiliency, with measures such as the backup generators, new roofs, and electrical and heating systems upgrades. Later in this testimony, I will walk you through some specific examples of the type of construction improvements that are planned.

NYCHA created the Office for Disaster Recovery, led by Michael Rosen; its sole mission is to oversee the rebuilding and resiliency efforts. The Office is part of NYCHA's Capital Projects Division to ensure that recovery work is: accomplished with the support and expertise of NYCHA's technical staff, coordinated with other capital work, and delivered using the same best practices and policies that have enabled NYCHA to dramatically improve its project delivery performance. The Office for Disaster Recovery includes a dedicated resident outreach team. Its members speak a variety of languages, including Chinese, Russian, and Spanish. Half of the team is comprised of Section 3 hires from the community, who work alongside national disaster recovery experts we retained to support the program.

Residents are NYCHA's most important partner throughout our work to rebuild smarter and stronger, and we have organized, attended, or participated in more than 225 meetings, all aimed at ensuring that NYCHA's residents remain involved and informed throughout the recovery process. We have consistently sought and implemented resident input in our design work. Through engagement groups that we created, residents are involved with the way NYCHA is going to look and operate. For instance, residents provided input on the layout of the new senior center at Red Hook Houses and the location of the new boiler room at Coney Island Houses.

We're also collaborating more closely with our colleagues in local government. Thanks to Mayor de Blasio making public housing a priority, we're now working as full partners with the Office of Management and Budget and the City's Office of Recovery and Resiliency, both of whom provided vital assistance during our successful negotiations with FEMA.

The Improvements

Although a destructive event, Superstorm Sandy offered an opportunity to pursue a more resilient future for NYCHA. Immediately after the storm, we conducted a detailed assessment of the condition of the buildings and building systems; how our infrastructure, buildings, and equipment performed during Sandy; and how they could be fortified against future emergencies.

FEMA's historic investment of \$3 billion will enable us to build a better NYCHA. Half of the funds will go toward critical repairs and the other half toward resiliency measures that protect against future climate events at 35 developments severely damaged by Sandy. This means fixing everything from play areas to first-floor apartments to rooftops and installing elevated boiler and electrical rooms, backup generators, flood barriers, lighting upgrades, and comprehensive security systems. Work of this magnitude requires extensive design and planning, which is already underway. We expect construction work will begin this year.

I'd like to take a minute to present some examples of the specific improvements that are planned.

POWERPOINT PRESENTATION

Other Benefits

In addition to improving the quality of life for thousands of families, these projects will create jobs for residents. Even though just a small portion of this work is subject to Section 3 hiring requirements, we are applying those policies to the entire \$3 billion worth of expenditures. NYCHA's Office of Resident Economic Empowerment and Sustainability has been meeting with residents in all Sandy-impacted areas to inform them about the employment opportunities.

The Details

In pursuing the funds, we initially utilized FEMA's 404/406 program. However, we ultimately decided to participate in FEMA's 428 program, a pilot developed after Hurricane Katrina to accelerate permanent recovery. This program, while a capped grant, is more flexible, allows us to do more with the funds, and provides the money faster (upfront instead of through reimbursement).

We continue to describe the recovery program in the context of the FEMA grant. However, disaster recovery funding is complex, because there are typically multiple funding sources and each funding source is somewhat dependent on the others. To clarify, the \$3 billion Sandy recovery program that we are progressing with consists of funds from FEMA, HUD, and NYCHA's insurance proceeds. While FEMA has agreed to fund all of the work that is planned, they cannot fund any work that is eligible for insurance reimbursement. So, the final, exact amount of money that FEMA provides for each development depends on how much insurance funds are recovered. Some recovery work is eligible for insurance but not FEMA, and vice versa. Therefore, funding allocations for specific work items need to be strategic to maximize the program. An additional funding source in our recovery is HUD's Community Development Block Grant – Disaster Recovery funds (CDBG-DR). When the final FEMA payout is determined, a local 10 percent match is required. NYCHA will use this CDBG-DR funding as the local match.

NYCHA continues to collaborate with our federal and state partners to complete the administrative processes required to begin permanent construction. Once the specific funding shares are negotiated, NYCHA can execute a letter of undertaking (LOU) with FEMA for each development. The funding specified on each of those LOUs will be allocated to New York State and then disbursed to NYCHA. We're working with the New York State Division of Homeland Security and Emergency Services to formalize that process. However, the funding will be provided to NYCHA as an advance so NYCHA will not need to spend its own limited capital and wait for reimbursement.

While these funds are incredibly beneficial to our organization and residents alike, they are a down payment on a much greater need. NYCHA's entire portfolio has \$18 billion in unfunded capital work. This amount was calculated before Sandy's destruction, and the funding discussed today will not go toward our regular capital program.

A Proven Track Record

Despite the challenges of diminished funding for rising needs, our Capital Projects Division accomplished a lot last year, obligating three times as much money in one-third the time on higher quality projects. We successfully obligated over \$740 million on major modernization projects, including the entire proceeds of a \$500 million bond issued under HUD's Capital Fund Financing Program (which was obligated about a year under deadline). HUD's latest annual capital grant was obligated in only eight months, well ahead of the 24-month deadline. And NYCHA spent \$330 million on critical infrastructure, including facades and roofs, elevators, and heating and plumbing systems, improving the quality of life for about 48,000 families while beating HUD's expenditure deadline. All of the best practices that have allowed us to succeed in our regular federal capital program will be incorporated into the Sandy recovery program. We are clearly well positioned to deliver quality projects effectively and efficiently with these recovery dollars.

Conclusion

The around-the-clock efforts of our staff to restore NYCHA developments in Sandy's aftermath proved that we can overcome any challenge, no matter its size, by working together with resolve and an eye toward progress. In the months since, we have applied equal dedication and determination in getting the funds to not only restore, but also rebuild, this vital resource of public housing.

That hard work and collaboration is paying off. This once-in-a-lifetime opportunity to reinvent New York City's public housing will enhance the way it looks and is operated, making it more sustainable and more resilient for whatever the future may bring. In doing so, we are also making our city a stronger, better place to live for today's families and the next generation.

We look forward to working with the City Council, FEMA, and our other community and government partners to continue improving the quality of life for residents and ensuring NYCHA's longevity.

Thank you. I am happy to answer any questions you may have.