

**TESTIMONY FROM NYCHA CHAIR & CEO SHOLA OLATOYE**  
**EXECUTIVE BUDGET HEARING**  
**COMMITTEE ON PUBLIC HOUSING & COMMITTEE ON FINANCE**  
**THURSDAY, MAY 18, 2017 – 10:00 AM**  
**COUNCIL CHAMBERS, CITY HALL, NEW YORK, NY**

Chair Ritchie Torres, Chair Julissa Ferreras-Copeland, members of the Committees on Public Housing and Finance, and other distinguished members of the City Council: good morning. I am Shola Olatoye, Chair and Chief Executive Officer of the New York City Housing Authority. Joining me today are Karen Caldwell, Executive Vice President and Chief Financial Officer, and other members of NYCHA’s executive team.

Thank you for this opportunity to once again share with you the 2017 financial status of the Authority. I’d also like to highlight some of our accomplishments since the launch of NextGeneration NYCHA in May 2015. We have been working tirelessly to secure NYCHA’s future and to create the safe, clean, and connected communities that our residents deserve. We are proud of the progress we’ve made, despite the systemic challenges and political threats confronting public housing in our city and across the nation. I want to thank Speaker Melissa Mark-Viverito for supporting a variety of NextGen initiatives that are moving our agency forward and promoting opportunity for residents. I also want to acknowledge partners like Chair Torres, the New York City congressional delegation, Assemblyman and Housing Chair Steven Cymbrowitz, and the Teamsters Local 237 for their steadfast advocacy and investment in the Housing Authority.

**Advocacy Matters: All Hands on Deck, Fighting for Every Dollar**

Around the time of our preliminary budget hearing in March, we learned details about the President’s “skinny budget,” which proposes more than \$6 billion in cuts to HUD – amounting to hundreds of millions of dollars in potential losses to NYCHA’s capital and operating funding. Mayor de Blasio and I took this as a rallying cry, immediately stepping up to fight this vicious assault on public

housing and other affordable housing programs. With a coalition of allies at our side – like Senator Charles Schumer, Congresswoman Nydia Velazquez, Council Member Torres, residents, and advocates – in no uncertain terms we called on our representatives, and the nation at large, to consider the importance of public housing, the high stakes, and the need for increased investment rather than crippling cuts.

My colleagues and I spent countless hours in Washington and Albany to make the case for public housing and the 2.6 million Americans it serves. We brought together a diverse alliance of leaders and experts from labor, construction, business, national trade associations, and the health sector to support and elevate our cause. We are forging new partnerships with other public housing authorities from Oakland, California, to Oneida, New York, to build a national network to lead the conversation on the connection between housing and health. At conferences and in rallies on the street, through letters to government leaders and op-eds from our allies, we made clear that public housing is vital infrastructure worth preserving and protecting.

Our relentless advocacy did not go unnoticed. Earlier this month, we learned that for Fiscal Year 2017, Congress increased public housing capital funding by 2 percent. However, it decreased operating funding and Section 8 proration by 2 percent.

*But let me be clear: The fight is far from over and we are not out of the woods.* This 2017 HUD funding bill was developed during the Obama administration; it's a stop-gap measure that gets us through September. 2018 is still a tremendous concern – when Congress will strive to enact the vision outlined in the President's skinny budget. We cannot let Washington off the hook. We must fight for every dollar that public housing needs for this, and future, generations.

Support from the State and City matters, and our advocacy in Albany also had an impact for this year. The State is providing \$200 million in capital funding, the

most money they've committed to NYCHA since 1998. We are excited about a plan that we developed to use these funds to fix boilers and elevators most in need of repair.

Mayor de Blasio continues to lead the way in ensuring that NYCHA is here for the next generation. He recently announced a \$355 million investment in facade improvements. This is on top of the unprecedented \$1.3 billion he committed for the replacement of more than 950 of our worst roofs.

### **An Update on NYCHA's 2017 Budget**

While support from the City and the State is helping us address vital issues at our developments, NYCHA relies on the federal government for the majority of its funding. Let me take a moment to update you on what we know about the rest of the fiscal year.

Having spent a lot of time in DC recently, I can say with certainty that these are uncertain times. We may not receive notice of the final operating fund proration rate for the rest of 2017 until late June.

If drastic cuts for 2018 come to pass, the impact to residents will be grave. There have been threats to public housing before, but this is not normal.

### **Creating a NextGeneration NYCHA**

Continued and significant underfunding follows years of disinvestment: We have lost nearly \$3 billion in federal funding since 2001 and our buildings suffer from \$17 billion in capital needs.

On May 19, 2015, Mayor de Blasio and I released NextGeneration NYCHA, our long-term plan to address the challenges – to stabilize the Authority's finances, become a better landlord for our residents, and ensure that NYCHA remains one

of the institutions that make our city so great and so strong. We've made significant strides in changing the way we do business, strengthening our organization, and improving residents' quality of life – progress that would dissipate from multi-million-dollar reductions to our federal funding.

Here are just a few examples of what we've accomplished:

- We increased rent collection by more than 3 percent, generating \$32 million in additional revenue, and activated 19 formerly vacant non-residential ground-floor spaces, bringing more services to the community and revenue to the Authority.
- We're transforming into a modern, more customer-focused agency, saving \$1.2 million in clerical costs by equipping property management staff with smartphones and nearly a million dollars in Customer Contact Center labor costs with the MyNYCHA app.
- We're more sustainable: Every single NYCHA development now has access to recycling, and our first \$56 million Energy Performance Contract is creating \$3.5 million in annual utility cost savings.
- We're rebuilding to benefit the community and city at large: We have more than a billion dollars of capital work on the street, including \$500 million in Sandy recovery construction underway at 50 buildings (employing over 165 residents). We're investing more than \$600 million in 3,100 units through HUD's Rental Assistance Demonstration. Nearly 1,500 units of affordable housing are in development and, as part of our work to create more affordable housing for New Yorkers and more revenue for the Authority, we announced the newest site in our NextGen Neighborhoods program, La Guardia Houses, and selected the developer for Holmes Towers.
- We're creating opportunity, connecting nearly 6,000 residents to jobs and more than 13,000 residents to partner services.

**The Hard Work Must Continue**

We are at another critical juncture, with our efforts and vision tested by the vagaries of Washington. But let me repeat our vow: We will not give up on public housing, nor will we allow Washington to do so. And we will not go backwards – we will keep fighting to preserve our accomplishments and continue our progress.

Turnaround efforts take time – we are in year two of a 10-year plan. In a recent piece in the Gotham Gazette, our three resident board members wrote that *“residents are starting to feel these changes and feel their voices are being heard. . . . That doesn’t mean there isn’t work left to be done - there is. But we know that . . . [NYCHA is] moving in the right direction and lives are improving as a result.”*

For the 600,000 New Yorkers who depend on us, we must continue to deliver on our promise of safe, clean, and connected communities. We must continue rallying support for public housing at the state and national levels, stressing its crucial role in fostering healthy, strong neighborhoods and cities, spurring investment, and creating jobs.

Thank you for standing with us as we march onward. We are happy to answer any questions you might have.