

TESTIMONY FROM NYCHA'S INTERIM CHAIR AND CEO KATHRYN GARCIA
EXECUTIVE BUDGET HEARING – PUBLIC HOUSING
COMMITTEE ON PUBLIC HOUSING WITH THE COMMITTEE ON FINANCE
TUESDAY, MAY 7, 2019 – 1:00 PM
COUNCIL CHAMBERS, CITY HALL, NEW YORK, NY

Chairs Alicka Ampry-Samuel and Daniel Dromm, members of the Committees on Public Housing and Finance, and other distinguished members of the City Council: good afternoon. I am Kathryn Garcia, NYCHA's Interim Chair and CEO. I am pleased to be joined by General Manager Vito Mustaciuolo; Plachikkat V. (PV) Anantharam, Executive Vice President for Finance and Chief Financial Officer; and Deborah Goddard, Executive Vice President for Capital Projects. Thank you for this opportunity to provide an update on funding allocations for the Authority as well as the progress we're making to improve the quality of life for the residents we serve.

Moving Forward

With new leadership at the helm and new initiatives underway, our NYCHA 2.0 long-term strategic plan as our guide, and a federal monitor as a partner, we're working to strengthen our organization and our delivery of services to residents – and ensure the longevity of public housing in our city. For instance, we are providing residents with seven days-a-week janitorial services for the first time ever after collaborating with our workforce leadership to launch Alternative Work Schedule (AWS). AWS began at 13 consolidated developments this spring. It launches at another 39 developments this summer and will be rolled out to all our developments within the next year. I'll provide you with more updates on our work later in my testimony; first I'd like to take you through some of the funding news that's become available since we last met with the Council.

Federal Capital Funding

Congress has allocated approximately \$549 million in capital funding for NYCHA for 2019, \$243 million more than we expected. I'd like to thank Senate Minority

Leader Schumer, Senator Gillibrand, and our congressional delegation for securing dollars that our residents and our buildings so desperately need. We're investing these funds in facade repairs, elevators and heating plants, and apartment rehabs that will help address mold and lead. We must continue advocating for increased federal support of public housing and to ensure that the President's draconian vision does not come to fruition: for 2020, he proposes zeroing out capital funding for public housing and reducing operating funding by 40 percent. This would be particularly detrimental considering the Authority's estimated \$32 billion in capital needs and the fact that the federal government has already underfunded NYCHA by a total of approximately \$3 billion in capital and operating dollars since 2001.

Section 8 Funding

For 2019, NYCHA has been allocated 99.5 percent of the Section 8 funding it's eligible for – just over \$1 billion – which is a quarter of a percent lower than the prior year's funding. This allocation, along with other factors such as program attrition, will allow NYCHA to support an additional approximately 5,000 vouchers, including those previously committed for project-based Section 8 contracts and Section 8 PACT conversions.

State Funding

We have been speaking weekly with the Governor's Office and relevant State agencies, making progress to finalize the grant agreement of \$450 million committed by the State in last year's and the prior year's budgets. We want to put that money to best use for our residents as quickly as possible, for additional heating plants and elevators.

The City's Investments

I'd also like to thank Mayor Bill de Blasio for his unprecedented investments in NYCHA. He has committed \$6.5 billion to support NYCHA's capital infrastructure and operations over the next decade. This is enabling us to fix over 900 roofs, repair facades at nearly 400 buildings, enhance security at 15 developments, upgrade and replace heating systems across the city, reduce the work order backlog, and more. However, it should be noted that while City funds can make a big difference in residents' quality of life, they are not a replacement for adequate federal funding or addressing the totality of NYCHA's major long-term capital needs.

Preserving and Improving Affordable Housing

With NYCHA 2.0 as our roadmap, we are bringing major repairs and improved quality of life to residents. At the heart of these efforts is our groundbreaking work to convert 62,000 apartments to Section 8 funding over the next decade through our Permanent Affordability Commitment Together (PACT) program. Since we last updated the Council, we released two Requests for Qualifications seeking both large and small development teams, property managers, general contractors, and social service providers to partner with us as we transform residents' homes. Responses are due on May 10.

We are also in predevelopment on the PACT conversion of 30 developments containing nearly 5,700 apartments in Brooklyn and Manhattan, home to more than 12,000 residents. These conversions are slated to be completed by the end of 2019.

Health and Safety Improvements

As you know, NYCHA entered into an Agreement with the federal government earlier this year that is focused on implementing significant health and safety-

related improvements at the Authority. We have been working with the monitor appointed by the federal government, Bart Schwartz and his team, to fulfill the Agreement's obligations. Here are some recent highlights of our work:

- As of May 6, NYCHA has corrected presumed lead paint failures in 2,336 apartments with a child under 6 and attempted to remediate 223 apartments. We continue to work with our residents to gain access and make the corrections.
- We kicked off our unprecedented \$88 million initiative to test over 134,000 apartments for the presence of lead-based paint using high-tech XRF analyzers by the end of 2020. Testing began at Harlem River Houses on April 15 and on May 1 at seven additional developments: Bronx River, Castle Hill, Johnson, Marble Hill, Red Hook West, Saint Nicholas, and Williamsburg Houses. Residents are receiving testing results for their apartment, and cumulative results are being posted on our website. Mayor de Blasio and I worked together on creating LeadFreeNYC, the City's roadmap to eliminate childhood lead exposure in New York City, and NYCHA apartments are an important part of this plan.
- We established an Environmental Health and Safety Department dedicated to making improvements in several high-priority areas impacting residents, and a Quality Assurance Unit to proactively identify and report on issues at the Authority, review the work performed by NYCHA, and oversee enhancements to the work order process.

We have begun assessing the total costs of our compliance with the Agreement, including the creation of the new departments. Since many of the expected costs are not yet known – such as lead abatement based on the XRF testing results – we are still refining that figure. We look forward to sharing additional updates with you as our work and progress continue.

Conclusion

As I have described today and in recent hearings, NYCHA is making real and substantial changes that are moving the agency forward and improving the quality of life for residents. Thank you for your support as we preserve this vital resource of affordable housing for current – and future – residents. We are now happy to answer any questions you may have.