

**TESTIMONY FROM NYCHA CHAIR & CEO GREGORY RUSS
NYCHA'S BLUEPRINT FOR CHANGE PROPOSAL TO
HELP STREAMLINE OPERATIONS AND ADDRESS ITS CAPITAL NEEDS
ASSEMBLY COMMITTEE ON HOUSING
TUESDAY, DECEMBER 8, 2020; 11 A.M.
<https://www.nyassembly.gov/av/live/>**

Chair Steven Cymbrowitz, members of the Committee on Housing, other distinguished members of the Assembly, NYCHA residents, and members of the public: good morning. I am Greg Russ, NYCHA's Chair and CEO. I am pleased to be joined today by Joey Koch, Chief of Staff, and Brian Honan, Vice President of Intergovernmental Relations. Thank you for this opportunity to discuss the Stabilization Strategy of NYCHA's *Blueprint for Change* – a set of ideas and proposed strategies for how we can invest in the Authority's properties, residents, and organization – and the related legislation.

The Road to Progress

Before I go into more detail about these ideas and proposed strategies, I would like to provide you with some context for how we got to where we are today, the need for sweeping changes, and how we can move forward together.

This is the beginning of a journey that will result in very significant improvements and benefits for our residents and their homes, our organization, and New York City as a whole. We have been thinking about and developing these ideas for some time, with one overarching goal in mind: How do we improve the quality of life for residents now while protecting rights and affordability in perpetuity and ensuring that NYCHA will be here to support the generations of New Yorkers to come?

To create a better NYCHA, the *Blueprint* recognizes that the Authority requires more than just innovative capital funding ideas: We must also remake NYCHA through a top-to-bottom transformation to ensure that the Authority can improve day-to-day services for our residents. To achieve these goals, the *Blueprint* outlines three main strategies:

- **We must transform our organization** so we can better deliver for residents through a new culture of service and a “Neighborhood Model” for property operations. This work builds on the substantial improvements we are making in critical areas as part of the 2019 HUD Agreement. An improved organizational structure is critical for NYCHA’s future and will support the capital investment work I will describe today.
- **We can bring billions of dollars of investment to our properties** through the creation of a Public Housing Preservation Trust, which will enable NYCHA to leverage a new federal funding source. This means that, along with our existing preservation programs, we can, for the first time ever, rehabilitate and upgrade every single NYCHA building – a plan for every property.
- We can invest in our residents and New York City by harnessing this capital investment to **create job training and employment opportunities** for residents. This would be the largest investment in New York City’s public housing since the 1950s, and it should directly increase economic opportunities for residents in addition to bringing the buildings to a state of good repair.

The need for NYCHA’s rehabilitation has never been more dire. We have seen public housing across the nation abandoned by the federal government, and due to decades of disinvestment, NYCHA has missed out on multiple cycles of capital rehabilitation. Buildings built half a century ago were not meant to go 50 years without any capital investment. We are contending with the devastating consequences of this inaction today – failing systems, never-ending repair backlogs, and unacceptable conditions for NYCHA residents.

The issues here are only going to get worse if we do not take bold action now, and residents don’t have time for us to delay – the greatest risk is maintaining the status quo. While we have made progress, in partnership with the Federal Monitor and others, we are very far from being out of the woods.

Allow me to illustrate with just a few examples of the state of disrepair of our buildings. Due to roof leaks and an underlying structural issue at Throggs Neck Houses, we lost elevator service for about four months last summer, and many of the elderly and disabled residents had to be carried up and down the stairs to their homes. Last winter, we lost heat at Independence Towers from a break in underground steam pipes and had to resort to mobile boilers to provide this essential service. Despite our best efforts to keep them running, over a dozen of our developments are currently on mobile boilers, as their heating systems are so decrepit and outdated. Gompers Houses experienced a gas outage for nine months, and that, sadly, is not an unusual story – we’ve had developments that have been without gas for over a year. At Smith Houses alone the capital needs total over \$439 million, and at nearby Vladeck Houses the need is over \$340 million. That’s just two developments in our portfolio, and their combined needs alone exceed the total annual capital funding we receive from HUD. With the traditional capital funding calculation, we will never be able to meet the significant needs of our residents’ homes – which now total \$40 billion, and grow at the rate of \$1 billion a year. In fact, NYCHA’s needs are 20 times the total national appropriation from Congress.

This is our unacceptable reality today – of a landlord unable to provide basic services in many cases – and it is a harbinger of what’s to come if we don’t get our aging buildings the investment they need.

If we do not do this, the risks are very real: Our buildings continue to fall deeper into disrepair to the detriment of our residents.

We are at an inflection point in New York City. I have worked in public housing for over 50 years, and the conditions I have seen in our buildings are among the worst I have ever witnessed. The longer we delay investment, the greater the risk that we will soon see a catastrophic failure. I am not overstating the issues and risks and coming to you with sensational tales. I have seen this before. When I was in Chicago, I saw 500 apartments that had to be vacated overnight due to a failure of the heating systems. It was a heartbreaking experience that I will never forget, and it is one that I refuse to repeat.

This is the reason I came to New York: to meet this inflection point and do everything in my power to preserve NYCHA's apartments for current residents and for generations to come, all while preserving rights and affordability in perpetuity.

We don't want to go the way of Chicago. Fortunately, we have a unique solution to prevent what would be a disastrous loss of vital affordable housing in New York City. We know that the only way we can save this great institution and bring residents the improvements they deserve is by raising the necessary capital and changing the way the Authority does business, including the way it uses these capital dollars. And the way we can do this to the extent necessary is through a Public Trust.

The *Blueprint* ensures that all of this work is done in partnership with residents, the Federal Monitor, elected officials, our union partners, community advocates, and other collaborators. To date, we have held seven *Blueprint* virtual town halls attended by more than 1,100 residents – a recording of one such town hall is available on our website for anyone to view, along with the *Blueprint* presentation in a range of languages – and another two resident town halls are scheduled for this month. We have also presented our ideas dozens of times to advocates; community partners; housing experts; local, state, and federal elected officials; resident leaders; and NYCHA staff. We have distributed emails and rent inserts, and posted on our websites and on social media, on the *Blueprint*. In addition, we have briefed our HUD and SDNY partners on the proposed *Blueprint* strategies. All this engagement will continue as we move forward.

Since I've been NYCHA's Chair, I've had the opportunity, thanks to Assemblymember Cymbrowitz and Senator Kavanagh, to address state legislators numerous times, both in New York City and in Albany. What I've heard from legislators and residents alike is that you want things to improve – not just piecemeal fixes like a new boiler or roof here and there, but wholesale, systemic changes and improvements.

We heard that if resources are raised, NYCHA should deploy them efficiently to the benefit of residents by bringing on quality contractors to do the renovation work. We also heard about the importance of keeping public housing public.

After listening to you, residents, and advocates, we worked with housing experts to incorporate these fundamental imperatives into our proposed *Blueprint* strategies. That includes bringing about massive rehabilitation through a fully public entity that maintains end-to-end public control and a public workforce.

I would now like to go through some of the details of the *Blueprint* that will enable us to strengthen and improve New York City's public housing. Please note that this is a slightly updated version of the presentation that has been issued previously.

Details on “A Blueprint for Change”

**PowerPoint Presentation*

A Pivotal Moment: Assembly Bill A11149

We are at a time and place that will define NYCHA's future. This moment – and the future – demand that we take bold, urgent action now. If we don't, the consequences will be dire for the hundreds of thousands of New Yorkers we serve and the city that depends on us as a bastion of affordable housing.

As I mentioned, the creation of a Public Trust will enable us to bring billions of dollars of desperately needed repairs to our portfolio, and procurement enhancements like Design-Build and Construction Manager-at-Risk will enable us to deploy this money faster and more effectively for our residents.

Our partnership with our stakeholders – including all of you – is critical to our success, and we thank you for your support. The groundbreaking legislation that Assemblymember Cymbrowitz introduced supports our vital work to improve the

quality for life for NYCHA families by rehabilitating their homes while ensuring their rights and protections, preserving permanent affordability, creating jobs, and revitalizing the regional economy.

Historically, the Assembly has been a friend to NYCHA and public housing; we look forward to our continued collaboration on this historic effort to benefit those we serve and ensure the longevity of public housing in New York City. Together, we will succeed.

Thank you. We are happy to answer any questions you may have.