

TESTIMONY FOR NYCHA CHAIRMAN JOHN B. RHEA

FEDERALIZATION OF STATE AND CITY DEVELOPMENTS

CITY COUNCIL COMMITTEE ON PUBLIC HOUSING

MONDAY, MARCH 1, 2010 – 1:00 PM

250 BROADWAY, 16TH FLOOR

Chairwoman Rosie Mendez, distinguished members of the Public Housing Committee, and to all the members of the City Council — Good afternoon. I am John B. Rhea, Chairman of the New York City Housing Authority (NYCHA) and joining me today is Commissioner Margarita López. I am grateful for the opportunity to address you today. Five months ago, NYCHA began a journey that was anything but certain. The Obama Administration’s American Reinvestment and Recovery Act of 2009, also known as “Stimulus,” presented public housing authorities across the country with a one-time opportunity to

re-invest in and develop public housing units.

NYCHA seized on this opportunity as a chance to secure federal operating and capital subsidies for existing unfunded non-federal public housing units in New York City. This permitted NYCHA to seek funding for the Authority's 21 State and City developments—which have largely gone unfunded since 1998—by adhering to HUD's required mixed-finance modernization program that we refer to as "federalization." To meet the extremely tight Stimulus deadline, there was a small window in which to pursue this unique mixed-finance modernization plan. And succeeding required the coordination of multiple agencies and many men and women. Today, I am happy to say that we are on the brink of taking a giant step toward securing the long-term financial

health of NYCHA and the preservation of public housing in New York City.

We owe a special debt of gratitude to Mayor Michael R. Bloomberg for his leadership and tireless efforts throughout this process. We are also grateful to our colleagues at the New York City Housing Development Corporation (HDC) and the Department of Housing Preservation and Development (HPD); to the members of the City Council who have supported NYCHA in our efforts; to the New York State Division of Housing and Community Renewal (DHCR); and to United States Senator Charles Schumer and Representative Nydia Velazquez who have been long-time champions of public housing. I'd especially like to express my appreciation to members of the State Assembly and Senate for last week's passage of

enabling legislation. The leadership of Senate Democratic Leader John Sampson, Assembly Speaker Sheldon Silver, Assembly Housing Committee Chairman Vito Lopez and State Senator Daniel Squadron was particularly critical to our success.

When we began the process to federalize the 21 State and City developments, we made four promises to the 45,428 residents who make these apartments their home:

We promised that all tenant's public housing rights would be protected—that the families who lived in these 21 developments would not be relocated from their homes and would continue to benefit from public housing rent schedules, protections and programs and that, if anything, their quality of life

would improve. Today, I can say, “We have kept that promise.”

We also promised that NYCHA would secure a private partner who would not only invest in public housing, but would, more importantly, be committed to preserving public housing. We have kept that promise.

We promised that NYCHA would be the managing partner in the ownership of the developments, and also the appointed management agent, ensuring seamless continuity in the day-to-day operations. We have kept that promise.

And we promised that the workers at these developments would remain NYCHA employees—that they would keep their union membership and that

their seniority rights and benefits would be protected.

We have kept that promise.

Four promises made. Four promises kept.

I am here to walk you through the dynamics of this federalization plan—what it is, what it means to the

families we serve, and the steps we have taken to

complete this large scale plan. Mixed-Finance

Modernization Plans are not unprecedented in New

York; but this Plan is unprecedented in the history of

our nation and City, both in its scope and in the

number of families it will positively impact.

Madam Chairwoman, through NYCHA's collaboration with city, state and federal officials, we are well on our way to making the promise of federalization a reality for NYCHA families. We will have an infusion of new funding for rehabilitation work and we will have more annual federal funding to support programs and provide services for all of New York's public housing developments.

As a result of federalization, over time NYCHA will receive billions of dollars in new federal operating and capital subsidies. Although this will bring the Authority closer to achieving fiscal stability, we still have work to do as the State and City developments only account for two-thirds of NYCHA's structural deficit. We will continue to need your support and

partnership to fully stabilize NYCHA's financial position.

In the next two weeks, NYCHA's board will release a new financial plan, which will show federalization's full impact, as well as the result of other steps we have taken to restore our financial viability. We look forward to participating in the City Council's upcoming budget hearings to discuss our economic projections.

We also look forward to continuing the conversation with the City Council and our colleagues at City Hall and throughout state and federal government, as we enter the next phase of our federalization effort to make the promise real for all of the families we serve.

Thank you and I will be happy to answer any questions.