

**TESTIMONY FOR NYCHA CHAIRMAN JOHN B. RHEA
SECTION 3**

CITY COUNCIL COMMITTEE ON PUBLIC HOUSING

MONDAY, MAY 10, 2010 – 10:00 AM

250 BROADWAY – 16TH FLOOR

Chairwoman Rosie Mendez, distinguished members of the Public Housing Committee, and to all the members of the City Council — Good morning. I am John B. Rhea, Chairman of the New York City Housing Authority (NYCHA). And joining me today is Michelle Pinnock, Senior Advisor for the Office of Resident Economic Empowerment and Sustainability (REES) and Director of Resident Economic Initiatives and Partnerships Debra-Ellen Glickstein.

I am pleased to have this opportunity to update the Committee on NYCHA's Section 3 program, as well as discuss how economic empowerment for NYCHA

residents is a critical component of strengthening NYCHA communities. In fact, empowering NYCHA residents through educational opportunity, workforce training and, ultimately, stable jobs that pay livable wages benefits all New York. As I have said before, NYCHA is one of our City's vital economic engines, and our residents are at the heart of what drives the Authority.

A New Foundation

As I approach my first anniversary as NYCHA's Chairman, I am extremely grateful for the support of NYCHA's Board and the 12,000 men and women who have dedicated their careers to serving NYCHA families. To meet the charges Mayor Michael R. Bloomberg outlined, as well as fulfill my long-term

vision for the Authority, I set an ambitious first year agenda that I believed would lay the foundation for achieving our ultimate goal: ensuring that New York City public housing doesn't simply survive—but that it thrives.

Soon after joining NYCHA, I recognized that achieving financial stability for the Authority was necessary if our other goals were to succeed. Almost immediately, we marshaled departments across the Authority, tapping the resources and expertise of our partners in City, State and Federal government, as well as in the non-profit and private sectors to both fully obligate the \$423 million NYCHA received from the 2009 American Reinvestment and Recovery Act (Stimulus), and successfully federalize the 21 State

and City built developments, bringing additional funding for desperately needed modernization work. I also realized that more than just a part of the work we do, workforce training and economic empowerment was integral not only in the day-to-day lives of the people we serve, but also to our mission to preserve, strengthen and secure public housing for future generations. Economic empowerment improves families' quality of life and it boosts the overall health of NYCHA communities, because when a resident is employed in work that pays a good wage, he or she has a greater ability to care for their family—from providing better access to child care, to nutrition, to internet access. We also recognized that, as important as it is to help more families achieve employment stability, NYCHA is not the expert in

workforce training and job placement. So, recognizing this fact and acknowledging the skill of other government and not-for-profit experts in this field, we began developing a full-scale plan for how we can improve our efforts in this area as well as partner with organizations who can help us maximize NYCHA's workforce investment in our residents.

The Fundamentals of NYCHA's Section 3 Program

Serving the more than 600,000 people who count on NYCHA demands that we develop and implement initiatives that are both broad in scope, but tailored in their execution. Fulfilling the goals of Section 3, particularly as the country emerges from one of the worst economic recessions in generations, is a principal example.

Section 3 is a provision within the Department of Housing and Urban Development (HUD) Act of 1968, which requires public housing authorities to provide to the greatest extent possible job training, employment, and contracting possibilities for public housing and low-income residents in connection with the creation of new job opportunities on construction projects and activities in their neighborhoods.

Because HUD mandates the program, but does not fund the mandate, meeting the goals for Section 3 requires a substantial investment of NYCHA's operating funds each year. Last year, NYCHA spent \$5 million to administer Section 3. But, as I will make clear, the plan NYCHA is developing goes farther than HUD's requirement. By partnering with other City agencies such as the Human Resources

Administration (HRA), as well as non-profit and philanthropic organizations, we will leverage NYCHA's investment and focus, making our workforce services more efficient while also increasing their impact in resident's lives

The Authority's commitment to helping our residents gain career skills and find jobs that pay livable wages with the opportunity for advancement is not new. In fact, NYCHA formed the Resident Employment Program (REP) in 2001 to further the goals of Section 3, and since that time has implemented several new policies and program models, as well as instituted additional mandates on its contractors. It is safe to say that workforce development has been a learning process in which NYCHA has evolved as the agency has strived to get better in this vital area.

In 2007, NYCHA launched the Pre-Apprenticeship Training Program (P-ATP) to create permanent, highly skilled, and highly paid trades apprenticeship jobs for NYCHA residents. Between 2007 and 2009, 367 residents completed the P-ATP training and 252 of those graduates were successfully placed in an apprenticeship. NYCHA also stipulates that qualified construction management firms be affiliated with a state-approved apprenticeship program, providing another potential pipeline for NYCHA residents. But while our commitment to workforce training is not new, making resident economic empowerment a central part of the Authority's mission is. As I said in my introduction, helping residents create strong futures for their families through workforce development, asset building and entrepreneurship

makes NYCHA families and NYCHA neighborhoods stronger. That's why I created the Office of Resident Economic Empowerment and Sustainability (REES) in August 2009, just two months after assuming the role of Chairman.

REES now incorporates the efforts of Resident Employment Services (RES), reports directly to the Board through the guidance of Vice Chairman Earl Andrews, Jr.; and leads NYCHA's outreach, education and implementation of the Section 3 program—REES is charged with developing programs, policies and collaborations to support residents' increased economic opportunities in three broad areas: workforce training and job placement; financial literacy and empowerment; and resident based

entrepreneurship.

Putting Residents to Work through the Power of Partnerships

As with all that we do at NYCHA, REES is committed to developing strong partnerships. For example, HUD sponsored Resident Opportunities for Self-Sufficiency (ROSS) grants allow NYCHA to partner with community and academic organizations to train NYCHA residents for the workplace. From August 2007 to February of this year, in partnership with the College of Staten Island and LaGuardia Community College, NYCHA provided GED preparation, vocational training, and job search and job placement assistance to 150 residents. And ROSS grants are allowing us to provide administrative assistant and

information technology training to 175 residents in cooperation with the City College of New York (CCNY), Year UP of Manhattan, and New York Career and Employment Services of the Bronx; as well as educational and employment training for 100 residents, working together with Year UP and CCNY. We are continuing our work with HRA to service the Back-to-Work program, which helps food stamp recipients and non-custodial parents who are unemployed and under-employed find work or advance in a job they already have. This program is particularly important for helping young fathers contribute meaningfully to the economic well being of their children and help break the cycle of disengagement of many young men.

Furthermore, NYCHA is proud to support Congresswoman Nydia Velázquez’s proposed legislation—the “Together We Can” Act that would train tomorrow’s corps of home health care aides—and we are honored that the Congresswoman has chosen to launch her pilot at the Lower East Side I Community Center. “Together We Can” would allow NYCHA to expand a program the Authority has undertaken with LaGuardia Community College to train residents as Home Health Aides. As we have recently seen right here in New York, the rising cost of care has forced hospitals to substantially reduce intensive inpatient services. Home health care addresses this gap and offers a more personalized approach to health care services delivery. We are pleased that NYCHA residents will be among those

trained to provide this care and we look forward to
Together We Can joining the historic Patient
Protection and Affordable Care Act of 2010 to not only
further ensure health care equality in our country, but
economic equality in an evolving economy, as well.
This year, in partnership with the Mayor's Center for
Economic Opportunity (CEO), HRA, and the City
University of New York (CUNY), NYCHA
implemented Jobs Plus, a community revitalization
initiative, at the Jefferson Houses to provide targeted
employment related services, as well as financial
incentives for residents, including changed rent rules.
We're particularly excited about Jobs Plus, because it
is both an example of the innovative public-private
partnerships that are a focus of our agenda—50
percent of the project capital comes from private

sources through CEO—as well as an opportunity to bring a nationally successful model to New York City that emphasizes a neighbor-to-neighbor information sharing strategy called “Community Support for Work.”

And we are strengthening our partnerships with established community-based non-profits, such as Union Settlement; the East River Development Alliance; and the Ocean Bay Community Development Corporation, to name a few.

Section 3 Successes

Recently, we have seen much of our hard work pay dividends in the lives of NYCHA residents. In 2008, 41 low income New Yorkers were placed in jobs with contractors at an average wage of \$40.14. We

improved upon that figure significantly last year. In 2009, NYCHA placed 265 low income workers—a 650 percent increase—including 236 residents, in construction jobs at an average wage of \$31.64.

Historically, we have also looked to our residents to fill seasonal, part-time and full-time positions.

NYCHA residents are hired seasonally to perform work in the areas of grounds and janitorial maintenance from June through October, and to work with children attending NYCHA's community center summer programs. In 2009, NYCHA hired 1,398 full and part-time staff, including 738 (or 53 percent) who were Section 3 NYCHA residents. Our current projections forecast that we will hire 329 full-time residents to fill a range of positions this year.

NYCHA's greatest economic empowerment and workforce development success is that the Authority employs 3,016 residents as full-time employees, which constitutes more than 25 percent of NYCHA's total work force and an even greater percentage its recent hires. Each of these employees represents a success for the Section 3 program. These residents hold a wide range of positions from central office to field operations at the developments. They include community service workers, clerical and administrative staff, caretakers, groundskeepers, housing assistants and trades personnel. Most importantly, they represent real career paths—not just a job—with ongoing access to skill development. Many of the Authority's senior managers grew up in

public housing and started their careers at NYCHA in entry level positions.

The 2009 Stimulus Act Funds Modernization Projects and Saves Jobs

The Section 3 program is also subject to the provisions of the 2009 Stimulus Act. In March of last year, NYCHA was awarded \$423 million in federal Stimulus funds for capital modernization work and system upgrades for NYCHA elevators, heating systems, roofs, brickwork and the installation of energy efficient appliances. While all Stimulus-funded projects have been obligated, work is ongoing over a three-year period, with all work to be completed by March 2012.

According to NYCHA's most experienced construction professionals, 40 percent of a contract's total value goes to pay workers. Subject to Section 3 requirements, NYCHA estimates that 309 residents will be hired on Stimulus-funded contracts—to date, 103 workers have been placed and more are gaining employment daily.

Additionally, we require contractors to report the number of jobs saved and created with Stimulus funds. From those reports, we estimate that NYCHA saved and created the full-time equivalent of 147 jobs in the first quarter of 2010 alone.

Federalization Creatively Leveraged NYCHA Assets to Serve Residents

In addition to funding desperately needed modernization work, the Stimulus funds also provided a one-time opportunity to provide on-going operating and capital subsidies for the 21 State and City built developments by bringing them within NYCHA's federal public housing portfolio. Not only will NYCHA have more funding to support the more than 45,000 families who make the 21 newly federalized developments home, but we will also create and save an additional 371 jobs—including 170 new jobs, of which 98 will go to residents (58 percent)!!!

**REES and RES Are Improving how NYCHA Plans,
Monitors and Enforces Section 3**

Even though we are improving service to residents through meeting the goals of Section 3, we know that this is just the beginning. The work we do today lays the groundwork for a safer and more financially secure future for public housing in New York City.

That's why Vice Chairman Andrews, Ms. Pinnock, Ms. Glickstein and the team in the Office of Resident Economic Empowerment and Sustainability have developed an integrated plan for improving NYCHA's implementation, supervision and enforcement of Section 3.

For the first time, Resident Employee Services is reviewing and approving all contracts submitted for Board consideration with respect to Section 3 hires.

REES is working with construction contractors to diversify employment opportunities to include administrative and other non-construction workforce needs. And NYCHA is expanding the scope of Section 3 to further include non-construction employment opportunities.

We are also partnering with Local 79 Laborers Union to provide NYCHA residents entry into Local 79 as journeypersons and ensuring they are given union status through NYCHA's Section 3 program. NYCHA is providing referrals for qualified residents to Local 3 Elevator Mechanics Union, and RES is now recognized as a direct entry provider for the Elevator Mechanics Apprenticeship Training program.

Collaboration with organized labor needs additional work. Last year NYCHA worked hard to negotiate

acceptable Section 3 terms in a project labor agreement (PLA) with the BCTC. Despite some progress, we were not successful in resolving all of the legitimate concerns on both sides. As a result we still have an opportunity to revisit a potential agreement that could be beneficial to both parties—but only if NYCHA residents will share in those benefits.

Finally, NYCHA is partnering and contracting with various non-profit, private and academic organizations, including CUNY, to increase access to construction-related training in order to create a pipeline of qualified candidates for jobs created through those institutions' Section 3 programs.

The Future of NYCHA's Section 3 Program

To state it simply: NYCHA is committed to Section 3.

The work we do today will help ensure that the new foundation we've created has a multiplier effect to generate even greater returns for the future. That, in a nutshell, is why NYCHA cares so deeply about partnerships and forging coalitions with outcome driven organizations—like HRA, CEO and Small Business Services—who know how to identify impediments to work and remove them; who have demonstrated expertise in outreach to target groups and providing literacy and adult education services; and who have a history of measurable results in getting low income people jobs with livable wages, reducing poverty and re-building communities.

One premiere example of a new partnership with a proven difference maker in alleviating poverty for New York City families is the one with the Robin Hood Foundation. With Robin Hood, NYCHA is developing a privately funded Training Academy that will not only prepare residents for work, but will track their progress so that we can use that data to further improve the classroom-to-job pipeline. Phase I of the program will train residents for Section 3 jobs within NYCHA and for construction-related jobs with NYCHA contractors. Later phases will help move qualified graduates into jobs in the private sector. We are also working to improve our internal planning process to better match Section 3 related workforce development needs and training resources to upcoming contracts. And we will negotiate with

additional unions to gain direct access for NYCHA residents into their apprenticeship programs.

And, finally, we are currently developing a plan to engage and track Section 3 business concerns—which are businesses that are majority-owned by NYCHA residents; businesses whose workforce is formed with at least 30 percent Section 3 residents; and contractors who subcontract at least 25 percent of their award to either of those groups.

Conclusion

Last week, we saw that the American economy added a surprisingly strong 290,000 jobs in April—the fourth consecutive month that the economy added workers. We must ensure that this recovery touches many of the most impacted by the economic

recession. Section 3 is a critical tool to ensure that our residents—to paraphrase the famous saying—have boats and are on the job market sea so that they will realize the Recovery’s benefits in their lives. With Mayor Bloomberg’s leadership and with the support of the City Council, NYCHA is making that happen—one new worker at a time—programmatically and comprehensively with new and exciting partnerships. Thank you and I look forward to your questions.