

**TESTIMONY FROM NYCHA EXECUTIVE VICE PRESIDENT FOR CAPITAL PROJECTS RAY  
RIBEIRO  
THE STATE'S \$100 MILLION ALLOCATION TO NYCHA  
COMMITTEE ON PUBLIC HOUSING  
THURSDAY, MAY 28, 2015 – 1:00 PM  
COMMITTEE ROOM, CITY HALL, NEW YORK, NY**

Chairman Ritchie Torres, members of the Committee on Public Housing, and other distinguished members of the City Council: good afternoon. I am Ray Ribeiro, the New York City Housing Authority's Executive Vice President for Capital Projects. Thank you for the opportunity to discuss NYCHA's proposal to invest \$100 million of State capital funding for the replacement of the worst roofs at 123 NYCHA buildings. We believe that this work could have a tremendous positive impact. Unfortunately, this proposal was recently rejected in favor of a piecemeal approach funding smaller projects.

### **The History**

Before I tell you about our proposed State Capital Revitalization Plan, I want to provide some context that sheds light on the compelling need for major State investment in our infrastructure.

From 2001 to 2013, annual federal capital grants have declined \$162 million, or 36 percent, from \$420 million to \$259 million. As a result, NYCHA has experienced a cumulative federal capital grant funding loss of more than \$1 billion since 2001, on top of previous years of State and City disinvestment. Even in the years of flat appropriations to the Capital Fund, rising costs have resulted in very real cuts to the program. This chronic funding gap severely constrains NYCHA's ability to make necessary repairs and upgrades to brickwork, roofs, elevators, building systems including heating and plumbing systems, and apartment interiors. Modernization is crucial for NYCHA to maintain its housing stock in a state of good repair and improve service levels and quality of life for the next generation of New Yorkers.

Between 1960 and 1974, the State built 15 developments, which it supported financially with operating and capital funding for many years. But in 1998, the State terminated its operating funding and began providing only minimal capital funding: only about \$6 to \$8 million per year. Annual capital allocations made by this Council alone are significantly higher than those from the State.

As a result of the State's disinvestment, NYCHA must sustain these originally State-funded units with already scarce federal operating and capital dollars. Since the State began its disinvestment, NYCHA has spent a total of nearly \$1.9 billion of federal capital and operating funding at these 15 developments. Presenting an additional challenge, the State's abandonment of these 40- to 50-year-old buildings occurred at a time when they required a major capital infusion to preserve them and ensure that they can provide a decent living environment to more than 12,000 families; they now have close to \$1 billion in unmet capital needs. This diverts desperately needed money from other aging buildings in our portfolio, affecting the quality of life for their residents. The State disinvestment has thus had a negative impact on these 15 developments as well as the rest of NYCHA's portfolio. Getting the State back to supporting public housing and investing much-needed capital to help replace or repair failing building systems is critical.

### **The Case for Roof Replacement**

Therefore, we were pleased to be included in the Governor's budget this year, for the first time in many years. This January, the Governor included a \$25 million capital allocation for NYCHA in the proposed budget. We had hoped for a larger commitment, but believed we could make the case to increase that number.

During the fall of 2014, as part of preparations for NYCHA's 2015-2019 five-year Capital Plan, NYCHA examined its five-borough portfolio (which contains 2,600 roofs) and prioritized three types of work: 1) roof replacement; 2) mold abatement; and 3) safety and security enhancements. Roof replacement is critical because it delivers multiple benefits at once: it prevents leaks that cause mold,

which in turn affects residents' health; it enhances a building's insulation, which lowers strain on boilers and reduces emissions; it promotes a safer environment; and it significantly decreases a building's maintenance needs, lowering operating costs and freeing up NYCHA's limited resources to do other pressing work. For example, we saw that roof replacement at three developments reduced work orders by an average of 56 percent. Roof replacement can also be achieved relatively quickly and efficiently, with minimal disruption to residents. In addition to bringing improved quality of life to residents and extending the life of our buildings, roof replacement work helps create union jobs for residents.

NYCHA has focused on roof replacements and building envelope improvements because any investment that protects the building envelope helps preserve the building for years to come. Specifically, NYCHA's Capital Projects Division (CPD), along with property managers, completed roof assessments using a rating system that builds on the 2011 Physical Needs Assessment required by the U.S. Department of Housing and Urban Development (HUD). We identified the roofs in need of improvement and allocated \$296 million in federal funding for exterior restoration and roof replacement to make the building envelopes weather-tight to prevent future deterioration of the brick facades. This is on top of NYCHA's \$500 million Bond B initiative that is delivering roof replacement and building façade improvements at over 400 buildings. But even with all of that investment of federal capital, with some 2,600 buildings in our portfolio, there are many more NYCHA roofs that leak, create mold, and need to be replaced immediately. It was obvious that the State investment should be focused on roof replacements to ensure that as much of the NYCHA portfolio as possible could benefit from this preservation work.

In March, NYCHA, along with the Mayor's office, City Council, housing advocates, and resident leaders, lobbied the State for more funding, making a thoughtful, well-researched, and practical argument to invest this money in roofs. Chair Olatoye, Intergovernmental Relations Director Brian Honan, and I met personally with elected officials in Albany on several occasions.

Our meetings in Albany focused on the benefits of roof replacements as I've just described, as well as discussions around NYCHA's ability to deliver capital projects. A series of improvements within NYCHA's Capital Projects Division in recent years puts it in a position to deliver these roof replacement projects effectively and efficiently. By incorporating industry best practices into our procedures and policies, CPD has been obligating three times as much money in one-third the time while enhancing the quality of the work. For instance, CPD obligated over \$740 million on major modernization projects last year, including the entire proceeds of the \$500 million Bond B (which was obligated about a year under deadline). HUD's latest annual capital grant was obligated in only eight months, well ahead of the 24-month deadline. And NYCHA beat HUD's deadline in expending \$330 million on critical infrastructure that's improving the quality of life for about 48,000 families. Our proven track record is also being applied to the \$3 billion Sandy recovery program that is bringing repairs and resiliency measures to more than 200 buildings.

Together, we were successful – NYCHA's budget award was increased to \$100 million. Thank you to Governor Cuomo, Senate Majority Leader Flanagan, and Assembly Speaker Heastie for working with us on this.

NYCHA is committed to making these desperately needed improvements as quickly as possible. Within 10 days of the budget's approval, we collected data and prepared a strategy for replacing the worst roofs in our portfolio, at 123 buildings throughout 18 developments. NYCHA staff conducted hundreds of site surveys to identify the roofs most urgently in need of repair and replacement. Based on these evaluations, we produced cost estimates and project schedules, estimating that a number of these projects could be completed this year. Project costs were estimated using a formula based on roof size, anticipated work scope, and unit costs. Because NYCHA buildings are typically part of a development with multiple buildings in a campus-like setting, it can be more cost effective to replace the roofs of all the buildings in the development if one building's roof is

being replaced. So, NYCHA staff reviewed the list of roof conditions in the context of the average roof condition at the entire development rather than by building. We compiled this information into the 50-page State Capital Revitalization Plan, which we submitted to the New York State Division of Housing and Community Renewal, as required by the State's budget. This submission was on April 10, 2015.

But three weeks ago, we heard that the Governor rejected our State Capital Revitalization Plan, without warning or consultation with us. This is disconcerting, as our buildings' systems and components have, in many cases, reached and exceeded their useful lives.

We are being told that, contrary to the plan we presented, the \$100 million award will be allocated in \$2 million portions to State lawmakers. We have already heard from many of these elected officials that this amount cannot address the significant capital needs of their buildings. So they'll have to use the allotment for smaller projects like playground upgrades instead of roof and façade repairs. In addition, the funds are slated to be disbursed through the Dormitory Authority of the State of New York, which does not have to adhere to the Section 3 program. Section 3 is a HUD regulation that requires housing authorities, and their contractors, to make best efforts to hire public housing residents for their workforce and to use resident-owned businesses as subcontractors. We projected that our roof replacement proposal would have generated approximately 60 Section 3 jobs.

## **Conclusion**

Modernization and revitalization are crucial to ensuring that NYCHA residents do not have to live with leaking roofs, unreliable heating systems, and broken elevators. These improvements, along with energy retrofits and upgrades, not only safeguard residents' quality of life, but also benefit the environment and

NYCHA's financial sustainability. Again, this is why the roof work I've described this afternoon is so critical.

I want to take this opportunity to thank Mayor de Blasio for pledging to match Albany's investment in NYCHA. His recent commitment of \$100 million will enable us to replace roofs at 66 buildings, benefitting nearly 13,000 residents; this work will begin next month. In line with the Administration's unprecedented support for public housing, the Mayor has committed an additional \$100 million each year for the next two years, which we hope the State will also match for similar purposes. This potentially \$600 million investment would go a long way in preserving New York's public housing for tomorrow's families and better serving residents today.

Eighty percent of NYCHA's 2,600 buildings are more than 40 years old, and the entire portfolio has nearly \$17 billion in unmet capital needs. And we expect that federal funding to operate and maintain our developments will only continue to diminish. It is only through partnership that NYCHA will overcome these challenges and make progress. We look forward to discussing additional ways that we can collaborate with the Governor, the Mayor, and the City Council to ensure NYCHA's future.

Thank you for your support. I am happy to answer any questions you may have.