

TESTIMONY FOR NYCHA SENIOR ADVISOR MICHELLE PINNOCK and DIRECTOR DEBRA-ELLEN GLICKSTEIN

OVERSIGHT – IMPROVEMENTS AND REMAINING CHALLENGES TO NYCHA’S SECTION 3 RESIDENT EMPLOYMENT PROGRAM

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14TH FLOOR COMMITTEE ROOM, 250 BROADWAY, NEW YORK, NY

Chairwoman Rosie Mendez, Members of the Committee and to all Members of the City Council: it is good to be with you and to have the opportunity to discuss the New York City Housing Authority’s (NYCHA) strategy to support our residents’ economic empowerment, as well as our Section 3 program. I am Debra-Ellen Glickstein, NYCHA’s Director for the Office of Resident Economic Empowerment and Sustainability (or REES), and joining me this morning is my colleague Michelle Pinnock, Senior Advisor of REES.

Since its inception, public housing has been more than simply a home to the families who live there. By providing stable, affordable homes to low and moderate-income New Yorkers, NYCHA developments have often been an anchor for neighborhoods during times of economic stress and transition. Through programs that enrich children’s lives and services that support individuals and families in need, public housing has been one of the central pillars of community well-being and health. And as one of the largest employers and neighborhood investors—utilizing resources to maintain and repair its buildings and providing space to community non-profit organizations and commercial retailers—public housing has been one of the principal drivers of economic growth in New York City for decades.

Over time, meeting the commitment to provide more than just an affordable home has been increasingly challenged. NYCHA is not alone in facing this challenge. Housing authorities across the nation have been forced to make difficult decisions as operating and capital budgets were targeted for reductions year after year. Other priorities, including resident hiring, received no direct funding and housing authorities either had to use their own already diminished funds or seek support from local officials. Despite these challenges, NYCHA has continued to invest in resident economic empowerment, including the Section 3 program—already one of the most dynamic and far-reaching Section 3 programs of any agency that receives federal housing subsidies—expanding the Authority’s long-term effort to increase career, training, and asset building opportunities for residents of public housing and Section 8 participants alike. We believe that by working together, we can do even more. Mayor Michael R. Bloomberg made expanding workforce opportunity to the New Yorkers NYCHA serves an essential part of his mandate to Chairman John B. Rhea. And under the leadership of Chairman Rhea and the NYCHA Board, resident economic empowerment received unprecedented support and is a central component of NYCHA’s vision for fostering strong, vibrant communities. Today, we would like to detail the Authority’s new model for supporting resident economic opportunity including the work NYCHA is doing to improve its Section 3 program.

Challenges to Investing in Resident Economic Empowerment

The federally-mandated Section 3 regulation is one of several tools for generating economic opportunities for public housing residents. Because the Department of Housing and Urban Development (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. According to our best estimate, NYCHA's operating budget could be reduced by approximately \$135 million next year, which will obviously pose a significant challenge to meeting the program's goals.

As important are the drastic, long-term reductions to NYCHA's capital budget. Capital investment means direct job creation. But since 2001, NYCHA has endured steady reductions to its capital budget. In 2012, the U.S. House has proposed reducing NYCHA's capital budget to \$205 million – down from \$410 million in 2001, and down from **\$327 million** last year.

Fortunately, through leveraging the power of partnerships we are achieving significant results on behalf of our residents and, as we hope to make clear, NYCHA's new approach better positions the Authority to continue supporting resident economic empowerment, even in times of dramatically reduced funding.

A New Vision

As you know, what was previously NYCHA's Office of Resident Employment Services was traditionally the department that managed the Authority's compliance with HUD's Section 3 guidelines and implemented NYCHA's strategy for connecting residents to work. After conducting a thorough review of the department's outcomes, services offered and residents' needs, the NYCHA Board outlined several goals to advance resident economic opportunity including improving how we adhere to Section 3. Those goals included broadening services to include asset building, financial literacy, and business development; becoming more flexible to meet local needs; efficiently using

resources; developing strategic partnerships to access local resources; and implementing a model that is results-based and outcome driven.

In August 2009, NYCHA formed REES to create and implement a strategy to expand economic opportunity to our residents in line with the Board's goals. REES, in collaboration with residents, partners and other stakeholders, spent 2010 redesigning the ways in which NYCHA can support residents to increase their income and assets. REES has already launched several cornerstone initiatives as part of our new model, including the NYCHA Resident Training Academy, the Financial Independence Today Initiative, and the planning and launch of the second City-sponsored Jobs-Plus site. We are already seeing results. NYCHA's overall job placements have increased by more than 200 percent: from 309 in 2008, to 662 in 2009, to 953 in 2010.

NYCHA's New Approach

NYCHA recognizes that, as important as it is to help more families achieve employment stability, NYCHA is not an 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 have developed a strategy 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.

This new strategy and model is designed to create more economic opportunities for NYCHA residents and NYCHA neighborhoods, while strategically leveraging NYCHA's investment. Using existing resources, it will provide a more comprehensive resident economic opportunity platform with additional capacity around financial literacy, asset building, adult training and education, and resident business development. It will

enable NYCHA to be a better partner with resident, Resident Leader as well as community-based organizations, government agencies, philanthropies, community colleges, schools, employers and other key stakeholders. This is a transition for NYCHA from being a direct service provider to making the Authority a strong coordinator, facilitating greater access to services for public housing residents, ultimately driving more resources and investment into public housing neighborhoods.

This new model is based on NYCHA's assets—including direct connection to more than 400,000 public housing residents and 235,000 Section 8 participants; significant property resources; existing relationships with vendors; and policy-making capability—and the recognition that NYCHA is one stakeholder within a broader economic development eco-system.

The new approach recognizes that different neighborhoods have different needs and unique resources. It seeks to establish local, place-based networks, thereby enabling the Authority to leverage local assets and increase local capacity. Each “zone” will be managed by a Zone Coordinator, a neighborhood-based NYCHA employee who will use local knowledge to create and manage economic opportunity networks.

NYCHA anticipates operating 15 “zones” citywide that will serve residents living in approximately 14,000 public housing units each. This place-based approach allows NYCHA residents and Section 8 participants to be served in place, while driving more resources and investment into public housing neighborhoods and their surrounding communities.

This model will also facilitate better coordination, by utilizing routine interactions between NYCHA residents, resident leaders and local development staff to share relevant information and make smart referrals to service providers. By building on

existing relationships, NYCHA will create resident referrals that reflect a strong match between residents' needs and local partners' service offerings.

My colleague Michelle Pinnock will now discuss some concrete examples of how our new approach is creating positive outcomes for residents.

NYCHA Resident Training Academy

Thank you, Debra-Ellen. And thank you, Chairwoman Mendez and your committee members for inviting us to talk about this very important NYCHA effort. I'll begin with the NYCHA Resident Training Academy—or RTA. RTA is a principal example of the ways in which NYCHA can leverage its assets and the power of public-private partnerships to support residents to increase their income and build assets. A partnership among NYCHA, Robin Hood, and some of the best employment trainers in New York City, the RTA offers a variety of employment-linked training to assist trainees in building technical and professional skills to best position them for future careers.

Robin Hood invested \$750,000 to support the RTA in its first year. This funding supported two training tracks—janitorial services and construction. Training was led by Brooklyn Workforce Innovations, Nontraditional Employment for Women, and Building Works. Qualified graduates from the construction training track received job placement assistance for jobs with NYCHA contractors and at NYCHA in a variety of construction positions. Qualified graduates from the janitorial training track received job placement assistance for jobs at NYCHA as Caretakers.

To date, 138 NYCHA residents had graduated across all training cycles in the first year of the program. 89 percent of the graduates (123) have secured a job. 12 graduates (32

percent of construction training placements) have been accepted into Labor Unions, including D.C. 9 (Painters), Local 79 (Laborers), Local 78 (Asbestos Handlers), Local 1 (Bricklayers/PCC Apprentice), and Local 3 (Electricians).

Based on the RTA's success, Robin Hood and NYCHA have increased investment in the initiative. Robin Hood is investing \$1.2 million in the second year. The RTA will train 460 residents and expects to support 300 qualified graduates in job placements.

In addition to the construction and janitorial training track, the RTA will now include pest control training that will prepare NYCHA residents for jobs at NYCHA as Pest Control Technicians and for careers in the private sector.

The Training Partners for the second year include Brooklyn Workforce Innovations, Nontraditional Employment for Women, City Tech, Center for Family Life and St. Nicks.

Jobs-Plus

As you may know, Jobs-Plus is a national, evidence-based program that saturates public housing communities with customized employment services, financial literacy resources, financial incentives, and peer support to working-age residents. New York City is currently home to three Jobs-Plus sites, two of which are city-sponsored—Jefferson Houses Jobs-Plus and BronxWorks Jobs-Plus.

And NYCHA is looking forward to working with the Center for Economic Opportunity and the Human Resources Administration to launch up to eight additional Jobs-Plus sites over the next year. The expansion of Jobs-Plus sites throughout New York City marks a key milestone in our new approach to better supporting its residents to increase their income and assets. In addition to leveraging our assets to ensure that NYCHA residents are taking full advantage of high quality existing local resources to reach their

career and financial goals; NYCHA is working with public and private partners to identify gaps in service offerings and develop strategies to attract additional high-quality and relevant resources and proven economic opportunity models, such as Jobs-Plus, into public housing neighborhoods.

Financial Independence Today

As I mentioned, implementing NYCHA's new economic platform involves broadening support to residents beyond training and employment.

NYCHA is owed as much as \$20 million in uncollected rent in any given month—a significant source of stress on families, as well as needed revenue to help maintain ongoing operations and programs. In response, REES launched the Financial Independence Today (FIT) Program, an innovative partnership with the East River Development Alliance (ERDA) and the United Way of New York City to focus on increasing financial stability for public housing residents, particularly those facing rental arrears.

The FIT program is an example of the value that partnerships between NYCHA and local community-based organizations bring to public housing residents. Over 1,000 residents in public housing in Western Queens have been served to date through FIT interventions, including one-one counseling for residents facing rental arrears, non-rental arrears long-term counseling, tenant advocacy services, comprehensive public benefits screening and enrollment, financial education workshops, and NYCHA rent payment at the ERDA Federal Credit Union.

Through the FIT program, in fiscal year 2010 – 2011, 327 people increased their savings; 92 people received a full credit assessment and free copy of their credit report; 35 people

improve their credit score; 71 people completed household budgets to use as a tool for better managing cash flow; 189 people enrolled in food stamps or medical benefits to support their household income; 137 people participated in financial education workshops; and 600 people paid their rent through the ERDA Federal Credit Union. NYCHA is currently in discussions to formalize a partnership with another community-based organization to provide similar services in Brownsville, New York.

NYCHA's Section 3 Program

One of NYCHA's assets is the creation of and access to jobs either directly or through the agency's contractors. Section 3 is a provision within HUD's Act of 1968, which requires recipients of federal housing assistance funding to generate, to the greatest extent feasible, job training, employment, and contracting opportunities for public housing and low-income residents in connection with federal expenditures for operations, modernization and development. In order to demonstrate compliance, the goal for Section 3 is that 30 percent of new hires be public housing or other low-income residents. To further strengthen Section 3 and to generate more employment opportunities, NYCHA has an additional standard for contracts in excess of \$500,000, requiring that 15 percent of total labor costs be expended to hire NYCHA residents.

NYCHA has instituted several process, monitoring and service enhancements to create increased job placement and advancement opportunities, including ongoing monitoring of resident hiring by the Board before the award of contracts; new tracking tools, diversification of employment offerings; broader applicability of the 15 percent of labor costs requirement; agreements with a few unions specifically created to increase access for NYCHA residents; and greater collaboration between REES, Administering

Departments, and the Law Department enforcing compliance including issuance of warning letters, periodic compliance meetings and temporary withholding of funds. Two additional areas of focus to address historical employment challenges have been developing a pool of qualified residents to meet contractors' workforce needs through employment-linked training, such as the Resident Training Academy, and establishing "re-placement" support to residents to foster employment continuity given the short-term and seasonal nature of many Section 3 jobs.

We believe that there's more to be done to optimize the power of the regulation and we are proud to be going in the right direction. The number of NYCHA's Section 3 job placements has expanded from 41 in 2008, to 265 in 2009, to 621 last year—an increase of over 1,400 percent in just three years. Last year, contractors exceeded the 15% of labor cost goal by nine percent. And through rigorously applying NYCHA's and HUD's standards, 82 percent of new hires in 2010 by NYCHA contractors subject to Section 3 were NYCHA residents, far exceeding HUD's mandate.

In 2011, through September, there have been 704 hires facilitated with NYCHA contractors; already surpassing the 2010 number of placements. Additionally, NYCHA has hired 901 residents directly, of which 198 were for full-time positions.

Over the next four to six months, we will be exploring additional ways to enhance monitoring across the agency, develop mechanisms and test models to foster contracting opportunities with Section 3 business concerns, and updating policies and procedures.

Areas for Greater Collaboration

NYCHA is committed to making its already strong Section 3 program and resident economic empowerment model even better. But we can only do that if we work together—with our partners in government, non-profit service, and private philanthropy.

So, NYCHA is working to increase collaboration and integration between all City agencies that touch workforce development, including the New York City Department of Small Business Services, the Department of Youth and Community Development, and the Human Resources Administration.

NYCHA is continuing to leverage private funding from partners such as Robin Hood, J.P. Morgan, and Goldman Sachs.

NYCHA is in the early stages of expanding its model to the private sector, going beyond connecting residents and low-income New Yorkers to careers with the Authority and with NYCHA contractors to connecting them to careers with private sector contractors, developers, and construction companies.

Just as NYCHA is committed to supporting our residents to prepare for and find work, the Authority is similarly focused on supporting resident entrepreneurs to develop their businesses. Our new approach will be particularly helpful in assisting NYCHA to manage these relationships, many of which are area specific.

Finally, NYCHA is forming a broad coalition of partners, each of whose work focuses on empowering New Yorkers to improve their lives and their communities. Their work touches on education, like the City University of New York who partners with the Authority to offer the NYCHA Resident Scholarship; it focuses on personal development and strengthening families, like the partners of the NYCHA Fatherhood Initiative and the Mayor's Young Men's Initiative; their work involves financial literacy, asset building

and community empowerment, like the East River Development Alliance and Community Solutions; and other partners such as Public Housing Communities and Green City Force.

Because NYCHA's coalition is so diverse, the potential for partnerships with the Council and with agencies throughout the City to invest in this important work are equally broad.

Conclusion

Section 3 is an important tool to increase public housing residents' employment opportunities. But in a challenging economic environment and in the face of reduced funding, meeting the goals of Section 3 requires that NYCHA develop innovative approaches, maximize existing funding and resource networks, and create new partnerships with proven service and training providers.

We look forward to working with the Council and with our partners throughout New York to ensure that we continue building upon the success we have already achieved for the families of public housing.

Thank you and I look forward to your questions.