

**TESTIMONY FOR NYCHA GENERAL MANAGER ATEFEH RIAZI  
AND SENIOR VICE PRESIDENT FOR LEASED HOUSING CARLOS A. SERRANO**

**UPDATE ON NYCHA'S MANAGEMENT OF THE SECTION 8 RENTAL ASSISTANCE PROGRAM**

**CITY COUNCIL COMMITTEE ON PUBLIC HOUSING**

**THURSDAY APRIL 26, 2012 – 10:00 AM**

**14<sup>TH</sup> FLOOR COMMITTEE ROOM, 250 BROADWAY**

Chairwoman Rosie Mendez and distinguished members of the City Council:  
Good morning. I am Atefeh Riazi, Acting General Manager of the New York City Housing Authority (NYCHA). Joining me this morning are Carlos A. Serrano, Senior Vice President for Leased Housing, and Steven Rappaport, Assistant General Counsel, Fair Housing and Employment Litigation. We are glad to be here before you to discuss NYCHA's administration of the Housing Choice Voucher (Section 8) Program.

Since its creation in 1974, the Section 8 voucher program has offered vital housing assistance to low- and moderate-income New Yorkers and their families in privately-owned apartments around the five boroughs. By providing a substantial income-based federal rental subsidy to eligible individuals, the Section 8 program is one of the most flexible, enduring, and effective tools we have to ensure that working families have the

assurance of a safe, affordable home – the first step towards financial independence and economic stability.

NYCHA's Section 8 Program, funded by the United States Department of Housing and Urban Development (HUD) and administered by NYCHA's Leased Housing Department, is the largest and one of the most complex in the nation, and has grown significantly over the last five years. Its success depends on cooperative partnership and diligent compliance on the part of three independent stakeholders: residents, private landlords, and NYCHA. Each of these parties has distinct responsibilities they must fulfill in order for the program to function and provide maximum assistance to voucher holders. Landlords must ensure that their buildings and apartments meet the quality standards outlined by HUD in order to qualify for subsidy. Residents must find a suitable participating apartment and ensure that all certification paperwork is submitted in a timely manner in order to remain eligible for the program. NYCHA, in addition to administering all aspects of the Section 8 program, has a responsibility not only to ensure that landlords and residents are fulfilling their obligations and adhering to HUD rules, but that the process for doing so is as easy, transparent, and accountable as possible.

NYCHA takes extremely seriously its obligations to the families the Section 8 program serves, the taxpayers who fund the program, the regulatory body who writes and enforces the program's rules, and the landlords whose partnership and participation allow the program to be a source of support for so many New Yorkers. Even in the face of severe underfunding and cuts to the Section 8 administrative budget, which I will outline shortly, NYCHA remains absolutely committed to fulfilling the program's promise to the fullest by pursuing innovative means to efficiently and effectively serve the New Yorkers who participate in it.

### NYCHA's Leased Housing Department

In 2011 alone, NYCHA's Leased Housing Department oversaw the expenditure of almost \$1 billion in Section 8 subsidies to more than 32,000 private landlords, providing vital housing assistance to more than 250,000 New Yorkers in over 94,400 rental apartments citywide. The Leased Housing Department also enforced program compliance on the part of NYCHA, landlords, and residents to ensure continuing subsidy to eligible households and building safety. Section 8 is one of the nation's most

heavily regulated federal programs. HUD's Code of Federal Regulations governs all aspects of the program, including participant and landlord eligibility, eligible apartment location, and NYCHA's obligations and responsibilities, and strictly enforces apartment and building Housing Quality Standards. In order to meet the requirements outlined in federal regulations, in an average month the Leased Housing Department performs certifications for approximately 8,000 participating families, reviews more than 1,000 transfers, and conducts approximately 10,000 apartment inspections.

In recent years NYCHA has taken a number of important steps to streamline our operations to better serve voucher holders while ensuring that participating landlords receive timely payment and have access to adequate support to quickly and efficiently handle issues when they do arise. Operational and technological improvements have made NYCHA's Section 8 program more transparent and accountable, and through the elimination of antiquated systems and the automation of manual processes have resulted in greater compliance with HUD regulations and fewer errors. We have aggressively pursued these program improvements even in the face of significant federal funding reductions: while the overall federal

subsidy for Section 8 vouchers has increased nationally, NYCHA's Section 8 program has been cut and underfunded by approximately \$178 million over the last seven years. As a result of federal underfunding, NYCHA has had no choice but to reduce the Leased Housing Department by more than a hundred employees, including Housing Assistants, clerical workers, and others. This represents a staff reduction of more than 20 percent, leaving a staff of less than 400 to administer a \$1 billion program serving a quarter million New Yorkers in need. These numbers do not reflect the additional federal funding reductions we face in 2012 and beyond. Certainly they do not reflect the estimated 9 percent across-the-board sequester required by the Budget Control Act of 2011 that will reduce funding for all federal discretionary programs on January 1, 2013.

As is the case for public housing authorities across the country, the bleak reality of federal underfunding is not going to change for the better any time soon. At the same time, the cost of individual Section 8 vouchers has risen considerably in recent years, meaning our annual rental subsidy covers less vouchers than it otherwise would. The necessity to serve more families with less, compounded with an existing Section 8 wait list of more than 123,000 families, makes it all the more important that we do

everything in our power to ensure that only those families truly eligible for vouchers under HUD rules are participating in the program.

That being said, NYCHA continues to effectively manage the more than 94,000 vouchers in our Section 8 program. We have met the challenge of improving service with reduced staff and improved our operations to better meet the needs of residents and landlords. We have overhauled paper-based legacy systems that were fraught with problems and put in place automated processes that have made NYCHA more accountable and accessible while providing a concrete framework for better measuring our own performance moving forward.

I would now like to turn over the testimony to Carlos Serrano, NYCHA's Senior Vice-President for Leased Housing.

#### NYCHA Improving the Customer Experience Program (NICE)

Thank you, General Manager Riazi. To ensure efficient and effective service delivery with maximum utilization of a shrinking federal subsidy and streamline the recertification and inspection processes, NYCHA introduced

the Improving the Customer Experience program (NICE) in 2011. NICE allows NYCHA to better track resident and landlord information, improve accuracy and verification by minimizing employee discretion and the potential for error, better enforce HUD regulations, and enhance our access to vital data.

NICE is part technology, part process and organizational change. It involved the automation of an antiquated and inefficient manual processing system to increase organizational efficiency and compliance; the consolidation and re-design of walk-in centers; and the introduction of new phone and online options that would eliminate the need for many office visits, thereby reducing wait times and improving service to both voucher holders and landlords.

I would now like to walk you through a presentation on NYCHA's administration of the Section 8 Program before and after NICE.

### Section 8 Before and After NICE

*Presentation by Carlos Serrano*

## Training and Communication Prior and During NICE Rollout

The introduction of NICE marked a significant departure from the outdated system, and there is no question that NICE's initial stages were a learning process that required adjustment from all stakeholders – as such, implementation came with its own set of challenges. NYCHA has spent the last year working with partners to maximize the positive impact of the new system and minimize the inconveniences inherent to any broad-scale change in operating procedure.

Implementing a business process change and technology deployment capable of managing such a large-scale program required NYCHA to provide comprehensive training to employees. We conducted classroom training for all affected employees prior to implementation, and held multiple refresher training sessions during the implementation of NICE. In addition, NYCHA made sure that subject matter experts in each department were available to handle day-to-day issues during implementation.

NYCHA also communicated impending changes to a broad group of stakeholders in preparation for NICE's implementation. NYCHA reached out to voucher holders, landlords, elected leaders and union officials through a variety of avenues including letters, tailored mailings, flyers, handbills, recorded messages, meetings, and the NYCHA website. By January 2011, NYCHA ensured that the City's 311 system would direct all Section 8 participants with questions to the NYCHA website, where comprehensive information was updated and posted. NYCHA also made presentations on the implementation of NICE to unions if they desired, and sent letters to elected leaders explaining the changes, outlining NICE's benefits, and alerting them of possible challenges.

NYCHA also used a variety of means to communicate changes resulting from the implementation of NICE to Section 8 participants. Beginning in January, NYCHA informed participants of the technology upgrades and of possible longer wait times with voice recordings through the Customer Contact Center (CCC); on posters and handouts in all CCC locations; in scripted greetings at NYCHA Walk-in Centers; and on the NYCHA website. In addition, NYCHA included a message alerting landlords to the changes

and asking them to call the CCC for additional information in both the December 2010 and January 2011 rent invoices.

### Minimizing Challenges During Implementation

As is case with any systematic change on the scale of NICE, we anticipated there would be administrative challenges to NYCHA staff, participating landlords, and voucher holders as stakeholders became accustomed to the system in the months following rollout. However, at every stage in the implementation of NICE, NYCHA took necessary steps to ensure that residents would not be unfairly impacted as a result of changes. We provided greater flexibility and multiple opportunities for residents to return paperwork and set up a hotline for residents to make appointments to bring documents in and submit them in person. We also made an administrative decision to not terminate any voucher holder for failure to recertify. In October 2011, NYCHA began sending notices to voucher holders that the termination process would begin if they did not send in required paperwork. As the termination process commences for the first time since the implementation of NICE, NYCHA has agreed to manually review each case we have determined non-compliant. To date no voucher

holder has been terminated for failure to recertify as a result of the implementation of NICE.

We also worked throughout rollout to resolve landlord issues as they came up. For example, we have heard complaints from some landlords about increased HQS violations. While the great majority of participating landlords are in compliance with HUD regulations, NYCHA is committed to working with all landlords who have been deemed not in compliance to verify that all necessary repairs have been made as quickly as possible. It is in nobody's best interest to see subsidy suspended or to go above and beyond HUD regulations for citing violations – not only does this cause problems for landlord and resident alike, it also creates additional work for NYCHA staff.

### Additional Steps to Improve Services for Landlords and Voucher Holders

Any change comes with challenges, and NYCHA has worked diligently with residents, landlords, and members of the community to address issues and keep the Section 8 program moving forward. Over the last year, we have met extensively with landlord groups; federal, state, and local officials;

members of the City Council, the Public Advocate and others to hear their concerns and ensure that steps were taken to address them. For example, in response to landlord concerns about lack of information on NYCHA's website, we have posted comprehensive communications materials annual reexaminations, lease renewals, inspections, and transfers. We have also added a dedicated window at Walk-in Centers exclusively for landlords and modified existing documents, including the Voucher Change notice, to include updated information for landlords.

We have also expanded our Landlord Extranet, for which Landlords participating in the Section 8 program have the option of registering online. The Extranet is a web-based self-service tool that allows landlords to receive direct access to their apartment or building inspection results within 24 hours, generate lease renewal request forms for their Section 8 tenants, and enter change of mailing address directly online. Landlords can also view their payment history and sign up for direct deposit at no charge. NYCHA continues to make technological enhancements to the Extranet and encourages all landlords to register for this free service to assist with managing their Section 8 portfolio more efficiently. To date, 4,447 landlords have registered.

## Conclusion

NYCHA is committed to improving service to the families who depend on Section 8 and the landlords who partner with the Authority to provide this vital housing resource. Throughout this period of transition, and while grappling with serious cuts to our administrative budget, NYCHA continues to successfully manage the nation's largest Section 8 program and provide on-time payments to participating landlords. We will continue to seek new tools to bring even greater efficiency to the system and mitigate the impact of federal underfunding. We look forward to continuing to work with you in strengthening the Section 8 program to even better serve the 250,000 New Yorkers who depend on it. Thank you, and we welcome any questions you may have at this point.