

**TESTIMONY FROM NYCHA EXECUTIVE VICE PRESIDENT FOR COMMUNITY
ENGAGEMENT AND PARTNERSHIPS SIDEYA SHERMAN
EXAMINING NYCHA'S RESTRUCTURING OF TENANT PARTICIPATION ACTIVITIES (TPA)
FUNDS
COMMITTEE ON PUBLIC HOUSING
TUESDAY, JUNE 20, 2017 – 10:00 AM
16TH FLOOR COMMITTEE ROOM, 250 BROADWAY, NEW YORK, NY**

Introduction (*slide 1*)

Chair Ritchie Torres, members of the Committee on Public Housing, and other distinguished members of the City Council: good morning. I am Sideya Sherman, NYCHA's Executive Vice President for Community Engagement and Partnerships. Joining me today is Jenelle Hudson, Director of the Resident Engagement Department. Thank you for this opportunity to discuss our work to empower residents and strengthen communities by improving the tenant participation activity (TPA) funding process.

NextGeneration NYCHA Goals (*slide 2*)

Through NextGeneration NYCHA, our long-term strategic plan, the Authority is becoming a more efficient and effective landlord. One of the core pillars driving NYCHA's transformation is our work to engage residents in new and better ways and connect them to best-in-class services. Under Chair Olatoye's leadership, the departments under my purview have worked tirelessly to reset NYCHA's relationship with residents, transition from direct service delivery to a partnership-based model, and connect residents to quality economic opportunity.

With a number of reforms and new initiatives that empower residents and resident associations, including a revamp of the outdated and cumbersome TPA funding process, NYCHA is becoming a smarter, 21st century landlord.

NextGeneration NYCHA: Resident Leadership Priorities (*slide 3*)

In addition to empowering residents and resident leadership, we are strengthening NYCHA's relationship with them. For instance, as part of NextGen NYCHA, we established monthly cluster meetings last year to provide resident association (RA) members with updates on important and relevant topics. We've begun offering leadership training and development as part of the cluster meetings, so RA members can become more effective advocates for their community.

To give youth a voice, and a role, in tackling their community's most pressing issues, we launched 10 youth leadership councils, in partnership with NYC Service and Capital One. Our latest youth summit was just two weeks ago – more than 130 young people attended, and it highlighted the good work the councils are already doing, leading neighborhood cleanup days, addressing community safety, and attracting new resources for these projects.

As part of our work to transform the way NYCHA does business, we committed to reforming the TPA process, with the goal of strengthening resident associations by fostering their leadership and independence. I'll discuss details about the new process later in my testimony.

We are also updating the resident association election process to make it more consistent and transparent, and to encourage more developments to participate.

Thanks to support from the City Council, we will launch a Resident Leadership Training Academy, in partnership with CUNY, continuing our work to build stronger, more independent resident associations. For the first time in NYCHA's history, we'll offer coursework that enables residents to earn college credits while gaining valuable leadership skills.

The Road to Reform (*slide 4*)

The TPA funding process was broken: It was disheartening and it involved layers of bureaucracy. To fix it, we gathered input from residents on what they wanted in a new and better process; made improvements per this feedback; and launched the new process (initially as a pilot), which involved training for all stakeholders.

Our engagement process started early, and we took the time necessary to involve all stakeholders. It kicked off in November 2015 with a meeting between Chair Olatoye and the Citywide Council of Presidents (CCOP). After a series of District meetings, more than 100 resident associations, including CCOP and District Board members, provided feedback in 11 focus groups, which we presented back in a series of five meetings. We then coordinated with HUD, NYCHA's Procurement and Law Departments, and many others to put in place the changes that residents wanted.

Our outreach on the new process involved briefing the CCOP – as well as the Council's Bronx delegation (including Chair Torres), Council Member Helen Rosenthal, and representatives from the offices of Comptroller Scott Stringer, Congressman Hakeem Jeffries, and Speaker Melissa Mark-Viverito. We also conducted two webinars on the topic with a total of 70 elected officials' representatives and advocates, and we briefed the Legal Aid Society and the Community Service Society. We received positive feedback at many of these meetings.

We formally introduced the new process to resident leadership through multiple workshops with HUD, our partner and regulator, and provided RAs the option to opt into the TPA pilot that is the basis for the new program. In 17 citywide and borough-level trainings, as well as one-on-one coaching sessions, residents learned more about the new process, including the related funding agreement, forms, and spending plans, and received the new guidebook.

In total, we held more than 40 meetings, workshops, focus groups, and training sessions to improve the TPA process.

TP Reform: Resident Leader Engagement (*slide 5*)

Resident feedback is the foundation for our reform of the TPA process. Residents told us that they wanted more visibility of the funds, the choice to fund District Councils, more local control over spending, and faster processing and purchasing ability. Change is hard, which is why we worked so hard to engage stakeholders on the new process. And we realize that there's a small but vocal group which is dissatisfied with some of the changes – but we believe the improvements are in line with industry standard and are equitable and sustainable. NYCHA staff is assisting with the transition to the new process.

TP Reform Process: Before and After (*slide 6*)

Let me give you some background on TPA funds. They come from our federal operating funds. HUD requires public housing authorities to allocate \$25 per dwelling unit, of which \$15 (or 60 percent) is for the resident association and \$10 (or 40 percent) is for the housing authority to fund a range of resident association and resident engagement matters, including tenant participation activities. TPA funds are reduced when our operating funding is reduced through proration – last year, for instance, we were only able to allocate about \$11 per unit instead of \$15. NYCHA has not been fully funded in over a decade, including for its TPA funding. It should also be noted that the funding NYCHA receives does not fully cover the costs of all the related work of engaging residents, procurement, and supporting resident leadership, including RA elections.

Before, TPA funds were complicated to access and difficult to use – the process was unwieldy and disorganized, with NYCHA even acting as a travel agent in some cases. By decentralizing control of the funds and instituting a commercial credit card to access them, the new process is smart, efficient, transparent, and promotes accountability.

Transparency: Previously, TPA funds were allocated by district, and individual RAs did not have full visibility on spending. Now, the funds are allocated and tracked at the development level, and NYCHA will inform each RA of funding availability annually. Residents said they wanted a choice on whether to fund their district, and now they can decide if they want to do so.

Efficiency: Before, residents had to rely on NYCHA for all procurements. Residents wanted more flexibility, and now they can use a commercial card to make approved purchases up to \$5,000. So a resident association can get office supplies at the nearest Staples without having to order them through NYCHA's Procurement Department, which is set up to handle the needs of a \$3 billion organization, meaning that it could take 30 days to get these simple supplies. Currently, 33 resident associations are piloting the use of the commercial card, and our goal is to have 80 percent of RAs using it by next year.

To speed the process, we've also instituted faster turnaround times – five business days – for reviewing funding proposals.

While unspent funds could be rolled over in the past, we believe that these funds, which benefit residents and communities, are more important than ever and should be spent within a year, like Council funding.

Accountability: Previously, this was a paper-driven process. As part of the NextGen transformation to digital, we moved it online, and are using IT systems to track spending proposals and reconciliation. In addition, we established clear guidelines for both NYCHA staff and RAs for administering and accessing funds, issued a new guidebook, updated relevant forms, and trained RAs as well as NYCHA staff on the new process.

TPA Reform: Funding Agreement (slide 7)

Accountability is important. Our new agreement on the use of TPA funds protects residents as much as it protects the funds, outlining the responsibilities of both NYCHA and the RA. For instance, the RA agrees to have timely elections and engage in activities that improve residents' quality of life, while NYCHA agrees to officially recognize the RA and administer the funding accordingly.

Many of the challenges RAs experienced in the old process were due to lack of written clarity between NYCHA and the RA. The funding agreement, which is accompanied by a plain language guidebook, outlines when and how funding becomes available; what forms are required of the RA; how payment is issued to vendors; and the terms for reporting and resolving disputes. The RAs also agree to comply with HUD and NYCHA guidelines, including conflicts of interest rules.

Not only is a written agreement required by HUD of every public housing authority, but it's typical for any financial transaction, from renting an apartment to buying a cell phone, as well as any disbursement of funds from a government body.

The previous agreement was between the CCOP and NYCHA – it is now between the RAs and NYCHA. In preparing our agreement, we learned from other public housing authorities, looking at sample contracts and guidebooks from Boston and Chicago. RAs had approximately 90 days to review the agreement and also had the opportunity to seek independent legal advice, if they desired. During this process, RAs still had access to the funds. One hundred thirteen RAs have signed the agreement. Nonetheless, we're responding to feedback from residents and valuable input recently provided by the Legal Aid Society and Brooklyn Legal Services to simplify the agreement's language. We're providing a revised draft to Legal Aid this week.

Basic HUD Requirements (*slide 8*)

RAs sign a written agreement with NYCHA, submit a spending plan, and keep proper financial records – all in accordance with HUD regulations.

Eligibility *(slide 9)*

HUD states that only duly elected and recognized resident councils can receive TPA funds. HUD also defines the eligible participants, beneficiaries, and activities, and stipulates that RAs complete training similar to the 17 sessions we held earlier this year with resident leadership.

We've focused on reforming RA elections as part of NextGen so that more developments can become eligible to receive these vital funds. Some examples of eligible tenant participation activities include RA membership building, information dissemination, health fairs, development cleanup days, and educational classes and workshops.

Funding Access *(slide 10)*

RAs must still submit annual spending plans and follow procurement rules. What's different now is that they submit their proposals for the funds quarterly instead of prior to every activity, which speeds up access to the funds.

Payments *(slide 11)*

As I mentioned, RAs can use their commercial card for approved purchases under \$5,000, and then reconcile their spending via our online system. This will also streamline the process. Purchases over \$5,000 will still go through NYCHA's procurement process, which is what residents requested due to their concerns over making larger payments. This also ensures compliance with HUD procurement guidelines.

The commercial card can also be used for approved travel – which involves the same checks and balances in place for a NYCHA employee traveling for official business. As with smaller purchases, use of the commercial card makes travel arrangements easier and faster.

Conclusion (*slide 12*)

NYCHA's success depends, in part, on our collaboration with residents. TPA funds are a crucial way to engage residents, keep them informed, and include them in the conversation on how to address the Authority's challenges. As they become more effective leaders through tenant participation activities, residents will help improve the quality of life at their development and the community at large.

In our work with the more than 250 resident associations citywide, we have seen the positive impact of this partnership. As our NextGeneration NYCHA vision continues to be brought to life, we will endeavor to get more residents involved in making a difference in their communities, through easier access to and use of TPA funds. With residents by our side, we will continue to create the safe, clean, and connected communities that all New Yorkers deserve.

Thank you. We are happy to answer any questions you may have.