



*February 2010*

**Memorandum of Support of S6430A Squadron / A9487B Lopez**

**An Act to Authorize the New York City Housing Authority to transfer or restructure the ownership of all or part of certain housing developments**

United Neighborhood Houses (UNH) supports S6430A / A9487B which will grant the New York City Housing Authority (NYCHA) the ability to transfer or restructure the ownership of all or part of 21 public housing developments in New York City whose construction was funded by the City of New York and the State of New York.<sup>1</sup> A temporary transfer of ownership may allow these 21 developments to qualify for federal operating support under the American Recovery and Reinvestment Act (ARRA).

United Neighborhood Houses is New York City's federation of settlement houses and community centers. New York City's settlement houses and community centers are closely linked to public housing with many settlement houses having been founded to meet the needs of the same low-income and moderate-income communities that public housing serves. Currently UNH member agencies operate the following programs in NYCHA facilities

- 23 community centers which are open to all community members.
- 7 youth programs.
- 20 child care and Head Start programs.
- 24 Senior Centers, NORC's and other supportive programs for older adults.
- Health and mental health clinics, hobby programs, summer camps and other programs which meet the specific needs of communities in NYCHA.

As human service providers working in NYCHA communities, UNH members are well aware of the impact that NYCHA's \$150 million structural deficit has on the communities that they serve. Due to lack of operating subsidies NYCHA has eliminated funding to its non-profit community partners and been forced to significantly reduce the services that it provides to its own residents. NYCHA has in recent years reduced headcount and eliminated entire departments in order to decrease its deficit. The most dramatic impact that NYCHA's deficit has had on public housing communities has been a decrease in maintenance which has led to inadequate facilities and dangerous elevators in many buildings.

UNH supports NYCHA's efforts to increase revenue in order to sustain and support services for public housing communities.

---

<sup>1</sup> These 21 developments are Marlboro Houses, Chelsea Houses,- Castle Hill Houses, 344 East 28th Street, Amsterdam Addition, Bushwick Houses, Stephen Wise Towers, Arthur H. Murphy Houses, Baychester Houses, Jonathan Williams Plaza, Drew-Hamilton Houses, Independence Towers, Rutgers Houses, Stapleton Houses and Manhattanville Houses

## NYCHA's Funding Shortfall

NYCHA operates with a structural deficit of approximately \$150 million. The deficit arises because of several factors including the increasing costs of maintaining an aging infrastructure and the elimination of City and State operating subsidies. But the most significant cause of NYCHA's deficit is the cost of operating 20,143 more apartments than federal operating subsidies support. NYCHA estimates the cost of operating these units at approximately \$88 million.

The 21 developments, which are the subject of this legislation, were constructed using New York City and New York State funds between 1949 and 1978. The residents who live in these developments have similar incomes and meet the same qualifications as residents of all other NYCHA developments. They are entitled to the same protections as other public housing residents and are charged rents based upon the same formula that is used to determine rents for all other NYCHA tenants. Yet, since their developments were not constructed by the Federal Government, the federal funding formula does not count their apartments when determining NYCHA's level of operating subsidies.

Moreover, New York City and New York State no longer provide operating subsidies for their respective developments. New York City does not provide operating subsidies for the City constructed developments and actually charges NYCHA for police and sanitation services on NYCHA properties. New York State discontinued operating subsidies for State constructed NYCHA developments in 1998. In FY 2009-2010, New York State provided \$3 million to support NYCHA but this funding has been zeroed out in the Governor's proposed FY 2010-2011 Executive Budget.

NYCHA has attempted to secure other funding for the units in its City and State constructed developments. In 2008, NYCHA began a voluntary conversion program in order to receive Section 8 housing vouchers for some of the tenants in the City and State constructed developments.<sup>2</sup> While fiscally necessary, this policy was regrettable as it reduced the total amount of affordable housing available to New Yorkers and took funding away from a program that had been a key subsidy for private landlords serving low-income tenants.

In order to provide for the residents of the 20,143 apartments in the City and State constructed developments, NYCHA is forced to spread Federal operating subsidies extremely thin. Federal legislation enacted in 1995 brought non-federal developments in New York City and other municipalities into the federal system allowing housing authorities to utilize part of their federal operating support for non-federal developments and ensuring that residents of non-federal developments enjoyed the same rights and protections as other public housing tenants. However, the funding formula has never been amended in order to count the units in State and City constructed developments in federal allocations to NYCHA.

NYCHA's services are increasingly in need at the same time that NYCHA faces significant fiscal challenges. The best and perhaps only solution for NYCHA's largest fiscal challenge is federalization of NYCHA's City and State constructed developments.

---

<sup>2</sup> Section 8 supports low-income tenants living in public or private housing by offering a voucher to tenants which pays the difference between an apartment's Fair Market Rent and 30% of a household's income. In New York City, Section 8 vouchers are administered by the NYCHA and the City Department of Housing Preservation and Development.

## The Opportunity

The American Recovery and Reinvestment Act (ARRA) presents a unique opportunity to gain federal support for the City and State constructed developments. ARRA temporarily suspends until March 17, 2010 the Faircloth Amendment which prohibits public housing authorities from increasing the number of units that receive federal operating and capital subsidies.

Under NYCHA's plan, the City and State constructed developments would qualify as new public housing units under ARRA. Units in the City and State developments would be renovated and brought up to federal standards through a combination of ARRA funds, public funds and private funds. NYCHA would transfer ownership of the City and State developments to a mixed-finance partnership consisting of a non-profit entity, a financial institution and NYCHA itself. NYCHA would maintain control of the units and the grounds of each development and residents would continue to have the same rights and protections that they currently have. Over \$200 million would be invested in order to improve each apartment in the City and State developments.

S6430A / A9487B would empower NYCHA to make the transactions necessary in order to qualify the City and State developments for federalization. UNH urges the State Legislature to pass S6430A / A9487B quickly so that NYCHA and the communities it serves do not lose this rare opportunity.

*For more information, please contact Gregory Brender at (212) 967-0322 x330 or [Gbrender@unhny.org](mailto:Gbrender@unhny.org).*

**United Neighborhood Houses (UNH)** is the membership organization of New York City settlement houses and community centers. Rooted in the history and values of the settlement house movement, UNH promotes and strengthens the neighborhood-based, multi-service approach to improving the lives of New Yorkers in need and the communities in which they live. UNH's membership comprises one of the largest human service systems in New York City, with 38 agencies working at more than 400 sites to provide high quality services and activities to half million New Yorkers each year. UNH supports its members through policy development, advocacy and capacity-building activities.

*UNH Members: Arab American Family Support Center - BronxWorks - CAMBA - Center for Family Life in Sunset Park - Chinese American Planning Council - Claremont Neighborhood Centers - Cypress Hills Local Development Corporation - East Side House Settlement - Educational Alliance - Goddard Riverside Community Center - Grand Street Settlement - Greenwich House - Hamilton-Madison House - Hartley House - Henry Street Settlement - Hudson Guild - Jacob A. Riis Neighborhood Settlement House - Kingsbridge Heights Community Center - Lenox Hill Neighborhood House - Lincoln Square Neighborhood Center - Mosholu Montefiore Community - New Settlement Apartments - Northern Manhattan Improvement Corporation - Project Hospitality - Queens Community House - Riverdale Neighborhood House - SCAN New York - School Settlement Association - Shorefront YM-WHA of Brighton-Manhattan Beach, Inc - Southeast Bronx Neighborhood Centers - St. Matthew's and St. Timothy's Neighborhood Center - St. Nicholas Alliance - Stanley M. Isaacs Neighborhood Center - Sunnyside Community Services - Third Street Music School Settlement - Union Settlement Association-United Community Centers - University Settlement Society*