

**TESTIMONY FROM NYCHA CHAIR & CEO SHOLA OLATOYE**  
***"THE NEXTGENERATION NYCHA DEVELOPMENT PLAN"***  
**COMMITTEE ON PUBLIC HOUSING**  
**TUESDAY, JANUARY 26, 2015 – 6:00 PM**  
**HOLMES/ISAACS COMMUNITY CENTER, 1792 FIRST AVENUE, NEW YORK, NY**

Chair Ritchie Torres, members of the Committee on Public Housing, other distinguished members of the City Council, and residents of Holmes Towers and Wyckoff Gardens: good evening. I am Shola Olatoye, Chair and CEO of the New York City Housing Authority. Joining me today are Nicole Ferreira, Vice President for Development, and David Farber, Executive Vice President for Legal Affairs and General Counsel.

I want to thank Holmes TA President Ms. Perez and the other residents on the panel for their opening remarks. They care deeply about the future of their home. They want to improve it today and preserve it for tomorrow — on this we can both agree. Like so many others, we share the same goal: improve Holmes, Wyckoff, and NYCHA — and protect them for the future.

I also want to acknowledge and thank Gregory Morris, Executive Director of the Stanley M. Isaacs Neighborhood Center, who has allowed us to use the center this evening and has been our host for multiple community meetings during the past year.

I also want to quickly thank Chairman Torres, who has long been a supporter of NextGeneration NYCHA and key programs that will preserve the City's public housing for the future.

I appreciate the opportunity to discuss NYCHA's NextGen Neighborhoods plan and thank the Holmes community for hosting this hearing. We've heard a lot of concerns and some misinformation, so I welcome this chance to ground us in the facts on what the NextGen Neighborhoods, or 50/50, program is and what it is

not, and why the program is so critical for the future of New York City's public housing.

### **The Need for a Next Generation Solution**

As you know, decades of federal and state disinvestment has left NYCHA confronting about 17 billion dollars in major repair needs across our portfolio. Since 2001, NYCHA's housing program has suffered a more than 2 billion dollar loss in federal operating and capital funding.

This has serious impact on our residents and their quality of life. Consider the crisis in real numbers: the average NYCHA family pays about 545 dollars a month in rent and fees, and their unit receives about 421 dollars in assistance from the federal government. On average, that's less than one thousand dollars a month to sustain the operations of a single apartment. Keep in mind that that average of 966 dollars per apartment goes toward operations, maintenance, and utilities, but does not support major capital needs.

Holmes does not have the funds to support its major upgrades and repair needs, which total more than 30 million dollars. If you speak to Ms. Perez and other residents here at Holmes, they'll tell you what 30 million dollars in capital needs looks like. To NYCHA it's the nearly 500 work tickets created in January alone, but to residents it's the bubbling paint and water coming through their ceiling that's caused by leaks in the roof and brick façade. It's the bathrooms and kitchens that need new tiles and cabinets after decades of wear, or the windows that should be replaced to keep apartments more insulated from the outside temperatures. The longer we defer major capital repairs — the root cause of many building issues — the greater we can expect our operational maintenance and repair needs to be.

With billions in needs and no cavalry coming from Washington or Albany to rescue public housing anytime soon, how will we preserve NYCHA? How can we

make things better today and ensure that there is a tomorrow? The four hundred thousand New Yorkers who are directly impacted by decades of funding shortfalls and ineffective management need champions in their corner, but they also need honesty.

Really tough problems are rarely solved with popular solutions. We must shift the mindset that there will be an easy, quick, painless fix. We must move beyond the distrust and anger that have built up over years to find a place of mutual understanding — that NYCHA really does want to solve its problems.

We are not sitting on the sidelines, accepting the status quo, waiting for the grim fate that played out in Chicago, Atlanta, St. Louis, and so many other cities across the country. We will preserve this City’s public housing stock and leave no stone unturned in our pursuit of funding. NYCHA will continue to ask the state and the federal government to step up to the plate like Mayor de Blasio has — and to follow his lead with the investment of millions in roofs and other critical capital needs. But we must operate realistically; we cannot rest our hopes and our future on a bailout that may never come. As the Daily News put it back in September, “there’s no such thing as a NYCHA fairy who will pay to keep the Authority’s aging buildings habitable.”

This is why we developed NextGeneration NYCHA, our 10-year strategic plan. It is a roadmap to change the way we do business, get our financial house in order, and preserve public housing. It requires us to seek innovative solutions, work with residents on some tough decisions, and leverage every available resource to create the safe, clean, and connected communities our residents deserve.

### **The Benefits of NextGen Neighborhoods**

There are several development programs under NextGeneration NYCHA, including the 100 percent affordable program and NextGen Neighborhoods, or 50/50. Unlike other programs, the purpose of 50/50 is to generate money and

produce affordable housing where it is desperately needed. By using underutilized NYCHA property, the Authority intends to create new housing; half of the units will be affordable and half market-rate.

This is one of the most innovative program models in the nation. The market-rate units will generate revenue for critical NYCHA needs — money to fund priorities not only identified by 250 Broadway, but also by the residents on the ground at NextGen Neighborhoods sites, those directly impacted by the program, like the residents here at Holmes and Isaacs, and at Wyckoff.

Modeled similar to a participatory budget used in many of your districts, the NextGen Neighborhoods program elevates the voice of the resident in the decision-making process. We are creating a program in which the input of residents is more directly guiding dollars and our work.

In rolling out this program, we've made certain promises. First, impacts to current resident parking will be accommodated as part of the new construction. Second, playgrounds impacted will be moved and improved. That means a brand-new play area with modern equipment, accessibility, and safety features integrated into a better, greener landscape design at the property as part of the new construction. Most important, improvements to Holmes and Wyckoff will proceed concurrently with new construction. Resident engagement and communications will continue throughout this entire process.

In addition to a funding lifeline for the Authority, NextGen Neighborhoods will create more, much-needed affordable housing options for low-income and working New Yorkers in neighborhoods where there is a severe shortage — like the Upper East Side and Boerum Hill. In fact, in neighborhoods that are feeling the impacts of gentrification, NextGen Neighborhoods offers the opportunity for more affordable units alongside public housing, which is a permanent anchor of affordability in any neighborhood, no matter how much it changes. New Yorkers

benefit, including NYCHA residents, who will receive preference for 25 percent of the new affordable units.

In selecting sites for NextGen Neighborhoods, we are looking at several factors: the availability of land at the development; the development's major repair needs; the affordable housing needs of the neighborhood; and the potential to generate revenue from market-rate apartments.

### **A New and Better Approach**

I've outlined NextGen Neighborhoods and its purpose, but I also want to set the record straight on some misconceptions and fears surrounding this program and its intentions.

The NextGen Neighborhoods program WILL NOT and CANNOT raise NYCHA rents.

It will NOT displace existing residents and families.

Under this program, we WILL NOT sell off NYCHA buildings.

This program will NOT lead to demolition of public housing

This is what could happen if we **don't** pursue solutions for solvency through NextGen Neighborhoods and other NextGeneration NYCHA strategies.

To be clear, NYCHA will retain ownership of the land under the new buildings. We will ensure the affordability of the apartments in the new buildings through our agreements with the selected development partners.

I'd also like to clarify how NextGen Neighborhoods differs from the plans of the previous administration. A much larger percentage of the apartments will be affordable – **50 percent** rather than just 20 percent. The NYCHA developments at the site of new construction will benefit directly, with improvements starting immediately with an upfront payment from the developer. And the most striking

difference is that resident engagement and community input are a central part of this process. Resident input will inform the character of the residential/commercial mix at sites, the pros and cons of building locations, and the look and feel (that is, the design and landscape), which will integrate the new building into the community.

We've been criticized for the vagueness of "our plans." Unlike previous approaches that presented a finalized plan which steamrolled residents after the fact, we are seeking resident input at the front end, to inform what the final plan looks like. Our engagement to date has been about the NextGen Neighborhoods program, and how it is a vehicle for creating plans to address the needs at Holmes and Wyckoff. We haven't talked about unit counts or dollar amounts or any "plan" details yet, because we have tried to ground residents in what this program means to their community and why we have to do it.

As we discuss resident engagement, I want to take a step back to focus on our learning curve and our commitment to this process.

The relationship between NYCHA and its residents has been fractured for so many years, our credibility badly damaged for so long, we knew engagement would have to look and feel different this time. Starting last fall, we launched engagement with calls, door knocking, information on our website, and lobby meetings. We've held almost weekly meetings with residents at Holmes and Wyckoff — 14 to date. And there will be many more — we brought fliers with information about some upcoming meetings. We've met extensively with elected officials, community organizations, advocates, and community boards. Some have even said we were holding too many meetings! Even with all these efforts, residents felt frustrated by the conversation and were suspect of our intentions at the meetings. We had to further refine our engagement model. Residents wanted NYCHA to address immediate concerns now — not just brick and mortar concerns and not a couple years down the line.

For example, at Wyckoff, residents felt disrespected by poor management, and all conversations started and stopped there. We heard the residents, and we took action. We replaced the management, not only because we are serious about changing how we do business, but because it was the right thing to do. We realize we cannot have a genuine dialogue without our residents at the table. And we cannot get our residents to the table if we fail to deliver on our most basic responsibilities as a landlord.

## **Conclusion**

The challenges that NYCHA faces are not going to disappear. If we stick with the status quo, they will become even more dire. Other cities have resorted to reducing or demolishing their public housing stock – that is not the path we want to take, nor our Mayor. We believe we have identified viable, beneficial solutions for overcoming NYCHA’s fiscal crisis. We are ensuring that residents and other stakeholders are at the table, working with us, as we refine and implement them.

NYCHA didn’t get into this state of crisis overnight, and we’re not going to get out of it overnight – it will take a generation’s worth of work. I hope that you will stand with us and we can have a constructive dialogue. I hope we can harness the diversity of opinions to improve this process and the end result. I urge you to consider the balanced solutions in this program, real and honest solutions, and the grave consequences of inaction. We can only preserve public housing and improve the quality of life for today’s residents and tomorrow’s families if we are willing to have these conversations.

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