

**TESTIMONY FROM NYCHA CHAIR & CEO SHOLA OLATOYE
DOI INVESTIGATION INTO LEAD-BASED PAINT CONDITIONS AT NYCHA APARTMENTS
COMMITTEE ON PUBLIC HOUSING
TUESDAY, DECEMBER 5, 2017 – 10:00 AM
COUNCIL CHAMBERS, CITY HALL, NEW YORK, NY**

Chair Ritchie Torres, members of the Committee on Public Housing, and other distinguished members of the City Council: good morning. I am Shola Olatoye, Chair and Chief Executive Officer of the New York City Housing Authority.

The health and safety of NYCHA residents is our primary concern, so thank you for the opportunity to set the record straight on NYCHA's lead-based paint remediation and mitigation program. Joining me today is Shireen Riazi Kermani, Senior Advisor to the General Manager. We would like to thank Deputy Mayor Dr. Herminia Palacio, our partners from the New York City Department of Health and Mental Hygiene (DOHMH), and many others for providing testimony at today's hearing.

The Facts

Let's start with the facts:

- In **August 2012**, annual apartment inspections were suspended. This was done in accordance with a new published HUD rule that relaxed the obligation of public housing authorities to perform annual inspections. NYCHA's interpretation of HUD's guidance was wrong. And we now know that lead paint inspections were also not performed.
- In **June 2014**, three months after I was appointed Chair and CEO, the Authority resumed biennial apartment inspections.
- In **May 2015**, NYCHA sent letters to residents and elected officials about lead-based paint policies and inspections.
- In **November 2015**, the U.S. Attorney's Office for the Southern District of New York began investigating NYCHA's general operations.

- In **April 2016**, it became clear to me that NYCHA was not in compliance with Local Law 1, the City's law pertaining to the inspection of apartments for lead paint hazards. When I learned we were not in compliance, I informed City Hall, and we took action. Our focus was on getting into apartments and communicating with residents. We created a plan and led corrective actions to address the problem.
- In **May 2016**, NYCHA contacted residents, and we immediately started inspecting the approximately 4,200 apartments with a possible lead paint risk and with children under the age of 6. Local Law 1 requires inspections of apartments with children under the age of 6.
- In **June 2016**, NYCHA and DOHMH discussed lead-based paint with the elected officials representing Pomonok Houses. Another meeting on the topic was held later that month with various elected officials and their representatives.
- In **July and August 2016**, I was informed by staff that NYCHA was out of compliance with HUD regulations, and I informed City Hall and the then-HUD Regional Administrator and staff.
- In **September 2016**, I traveled to D.C. and informed numerous senior HUD officials about the gaps in compliance.
- In **October 2016**, NYCHA submitted its annual certification of compliance to HUD. I signed the certificate of compliance believing that my previous disclosures about the compliance gaps to HUD were sufficient.
- By **December 2016**, NYCHA completed or attempted all of the Local Law 1-required in-unit inspections, and completed all necessary repairs soon thereafter.
- In **February 2017**, HUD put into effect another new regulation on children with elevated blood lead levels, and we developed a plan to get into compliance by the July 2017 deadline.
- From **February to June 2017**, NYCHA designed a new lead-based paint inspection form for staff's smartphones.

- In **April 2017**, NYCHA issued an RFP to complete 55,000 lead-based paint visual assessments; the contract was awarded to an EPA-certified vendor in **July 2017**. In **September 2017**, NYCHA started training the lead-based paint inspection vendor on the new smartphone-based inspection form.
- In **May 2017**, NYCHA began a comprehensive review of our lead-safe housing procedures, as well as our staff training requirements. Our procedures were outdated and not consistent with HUD's new regulation on children with elevated blood lead levels.
- In **July 2017**, after discussion with HUD, NYCHA included an asterisk and notation in a required certification regarding NYCHA's lead-based paint compliance issues. We also informed residents, staff, elected officials, the unions, and the public about the lapse in compliance.
- In **August 2017**, NYCHA began EPA lead-safe certification training for its painters, plasterers, and other front-line staff.
- In **October 2017**, NYCHA issued an RFP to train an additional 2,700 staff.
- In **November 2017**, NYCHA announced immediate and long-term corrective actions to fix the compliance gaps, which I'll discuss later in my testimony.
- As of **today**, we have completed more than 90 percent of the in-unit Local Law 1 annual inspections for 2017. That means we have inspected more than 8,000 apartments housing children under 6. Necessary repairs resulting from those inspections will be completed by the end of the first quarter of 2018, in accordance with the federal law's 90-day deadline. As part of this work, we are offering residents a complete apartment painting, even when there isn't a lead-based paint issue. We will ultimately fully paint 7,000 units through this initiative.

The Resolution

In addition to the wave of lead paint inspections we launched, we implemented a number of changes to improve the health and safety of NYCHA apartments:

- We're using a new digital work order system to accurately identify apartments with children under 6 where the presence of lead-based paint has not been ruled out.
- We equipped development staff with the new lead-based paint inspection form for their smartphones to more efficiently and accurately record inspection data.
- We will continue and expand our EPA lead-safe certification training for all appropriate staff.
- We are revising our policies and procedures based on a thorough review that we conducted of local and federal regulations on lead-based paint activities.
- We announced that we will create NYCHA's first-ever Executive Compliance Department. Edna Wells Handy, legal counsel to the NYPD Commissioner, will serve as the Acting Chief Compliance Officer. She will provide operations oversight, manage compliance training for employees, and review external reporting by NYCHA, among other important functions. We are creating a task force comprised of national experts on lead paint safety that will advise me and the Compliance Department; its members are Deborah Nagin, Director of the Healthy Homes Program at DOHMH; Dr. Jack Caravanos, Clinical Professor of Environmental Public Health Sciences at New York University; Dr. Joseph Graziano, Environmental Health Sciences and Pharmacology Professor at Columbia University's Mailman School of Public Health; and Rebecca Morley, founder of the National Center for Healthy Housing.
- We're in the process of establishing an Environmental Health Officer position – an expert on health and housing who will serve as the agency's lead paint expert and also provide guidance to the new Compliance Department.

- For the past two years, we have been cooperating with the U.S. Attorney's Office for the Southern District of New York.
- Lastly, as you have called for, Chair Torres, and as part of our cooperation with the U.S. Attorney's Office, we embrace the partnership of an independent federal monitor to support the continued transformation of the Authority.

The Progress, Part of a Massive Turnaround Effort

Preserving our apartments is a key focus of NextGeneration NYCHA, our 10-year strategic plan to chart a new course for the Authority: stability for the organization and safe, clean, and connected homes for residents.

Let me give you some context on the need for this turnaround plan. When I walked in the door in 2014, we were confronted with massive challenges 40 years in the making. Government disinvestment at all levels had led to a \$17 billion capital need, aging infrastructure, and annual operating deficits. For fiscal year 2014, the Authority had a deficit of \$281 million.

We closed that enormous budget gap. And since then, we've balanced the books every year and replenished NYCHA's reserves. We brought the time it takes to complete basic repairs down from 13 days to 4 days. The number of mold complaints this year is 8,000 fewer than in 2015. Since the launch of NextGen, we've installed 6,200 new exterior lights at 14 developments and installed more than 1,700 new security cameras and upgraded 350 cameras at 58 developments. We have more than a billion dollars of capital work on the street, including over \$500 million in Sandy recovery construction. Our Office of Resident Economic Empowerment and Sustainability has facilitated more than 7,500 job placements and more than 17,000 connections to partner services.

To improve service to residents and better allocate staff, we're instituting third-party management of boilers at certain sites. Our NextGen Operations (NGO) property management model is increasing staff control and accountability while delivering greater customer service to residents across the city. Maintenance and repair response times are close to 30 percent faster at NGO developments compared to the rest of the portfolio.

While we continue to make radical changes to how we do business, we are constrained by antiquated work rules: trying to manage a 24/7 operation between the hours of 8 a.m. to 4:30 p.m. We're working to address that issue through FlexOps, our expanded work hours pilot. FlexOps is currently active on a provisional basis at 12 developments. The initial FlexOps developments are 11 percent cleaner, according to the latest data. This is the kind of creative NextGen strategy we must aggressively pursue.

We've done all this despite the fact that NYCHA, a federally funded agency, has lost \$3 billion in funding over the last 15 years – while other City agencies have been able to increase their spending. Washington is not a friend to NYCHA – there's talk about dismantling and even more drastic funding cuts, despite the massive needs so clearly at hand.

Thankfully, we have a mayor who has stepped up to help us confront the challenges head-on. With Mayor de Blasio's \$1.3 billion commitment, we'll be able to repair more than 950 roofs, benefitting over 175,000 residents. That's on top of the \$355 million investment in façade improvements that he committed to earlier this year. The \$210 million Mayor's Action Plan for Neighborhood Safety is bringing vital physical improvements and resources to communities citywide.

Conclusion

The greatest threat facing the Authority – and one of the factors that led to our gaps in compliance – is NYCHA's funding crisis. When tasked with a turnaround

effort of this magnitude, it's easy to identify the obvious problems, though it's much harder to come up with solutions, considering the challenges. But that's exactly what we've been doing for the past three years: working tirelessly to improve the quality of life for the residents we serve.

Let me be clear: I will not shy away from continuing to identify gaps and problems at the Housing Authority. Public housing is threatened nationwide. Here in New York City, we won't just stop at defending what we have – we will fight to improve quality of life. I remain committed to the residents and to my employees. I am here because I believe in tackling difficult issues head-on. I believe in public housing and its ability to stabilize and change lives for the better. Ultimately, the future of New York City's greatest source of affordable housing will require everyone, the city's mothers and fathers, to demand the resources that will support improved conditions. I hope you will stand with us as we continue to fight for the 1 in 14 New Yorkers who call NYCHA home. We will take your questions now.