

TESTIMONY FOR NYCHA ADGM FOR COMMUNITY OPERATIONS DEIDRA GILLIARD

**THE IMPACT OF THE DEPARTMENT OF EDUCATION'S AND NEW YORK CITY HOUSING
AUTHORITY'S FEE POLICIES ON THE ABILITY TO PROVIDE SERVICES FOR YOUTH**

CITY COUNCIL COMMITTEES ON PUBLIC HOUSING, YOUTH SERVICES AND EDUCATION

FRIDAY, OCTOBER 29, 2010 – 10:00 AM

250 BROADWAY, CITY COUNCIL HEARING ROOM, 14TH FLOOR

**Chairman Lewis Fidler, Chairwoman Rosie Mendez,
Chairman Robert Jackson, distinguished members of their
respective Committees, and to all the members of the City
Council – it is a pleasure to be with you today. I am Deidra
Gilliard, Assistant Deputy General Manager for
Community Operations of the New York City Housing
Authority (NYCHA). And joining me this morning are
Maggie Moats, Deputy Director in NYCHA's Department
of Community Operations Administration, and Andre
Cirilo, Community Operations Administration's Leasing
Manager.**

For decades, NYCHA has partnered with Community Based Organizations (CBOs) and other non-profits to support our residents with quality services ranging from comprehensive child care and early childhood education to adult literacy and continuing education programs.

NYCHA's programs are not only inclusive, but extensive as well, reaching newborns and toddlers; youth and young teens; teens and adults; and seniors. By working together, we have provided access to mental health services, youth-focused enrichment programs, youth and teen education initiatives, support-services for our seniors, recreational opportunities, and workforce training and employment programs—all of which are essential to improving the quality of life for NYCHA families. As Chairman John B. Rhea often says, "Our buildings are vital, but it is the people who will ultimately transform a NYCHA building

into a home and a NYCHA development into a community.”

NYCHA cares deeply about social and community services. But our commitment does not come without a cost. As many of you know, the Authority does not receive financial support from the City, State or Federal government to provide the many services and programs that public housing families, as well as other low-income and senior residents who live near NYCHA neighborhoods, depend on. Each year, NYCHA allocates more than \$55 million to support the programs, services and outreach initiatives Community Operations administers to more than 150,000 NYCHA residents and members of their surrounding communities. NYCHA has continued this financial commitment in the face of chronic under-funding that lasted for more than a decade and a budget deficit that

grew year after year. If we are going to be able to improve how NYCHA delivers services—not to mention maintain the range of programs and services we offer—we must find ways to raise capital, which includes renegotiating leases with our existing partners and establishing a fair and transparent policy structure for future agreements.

NYCHA Institutes New Fee Policy in 2008

Prior to 2008, NYCHA had no consistent methodology for charging rent to CBOs operating on Authority property, and many organizations paid no fee for their use of space.

The NYCHA Board maintains that this was not good policy, particularly in light of the fact that NYCHA funds its Department of Community Operations, as I mentioned in my introduction, without government support.

NYCHA's Audit Department concluded that Community

Operations needed to develop a consistent policy regarding the leasing of our spaces, setting rental fees and for the collection of rents.

Currently, rent negotiation begins at \$13 per square foot—representing \$10 per square foot for the area leased plus three dollars per square foot for utility costs—with three percent annual escalations for both and charged on an annual basis. So, to be clear—if a CBO leases a space of one thousand square feet and we negotiate that they are responsible for a rent of \$10 per square foot plus three dollars per square foot for utility costs, their total annual rent and utility bill due to NYCHA will be \$13,000, or \$1,083.33 each month. Of late, we have made exceptions for sponsors who agree to provide significant capital improvements to NYCHA space. As examples, two organizations have agreed to make significant

improvements to their spaces in lieu of rental payments for a period of time; afterward, both sponsors have agreed to pay \$13 per square foot. NYCHA is committed to renegotiating all existing leases now that we have a fair, transparent system in place.

The Impact of NYCHA's Fee Policy on CBOs

NYCHA is not insensitive to the effect our new fee policy may have on the organizations that provide important services to our residents and members of their surrounding communities. That is why we have developed our new policy thoughtfully and in consultation with a range of NYCHA professionals—from the Departments of Community Operations, Audit and Facility Planning. The Authority already has in place a thorough application process for all CBOs wishing to lease space on NYCHA

property. Applicants must submit financial information, budgets, and detailed accounts of programs and services they propose to offer. Applications are reviewed at multiple levels within NYCHA's Community Operations department before final submission to the NYCHA Board for their approval. Our process is thorough because each group that moves onto NYCHA property joins our effort "Partners of Choice." The NYCHA Board wants to ensure that once we begin working with an organization to serve the residents of NYCHA neighborhoods, we will continue working together.

We also considered the rental markets throughout the five boroughs and believe that some area-based CBOs may find that NYCHA's rent is at or slightly below full market rent; other CBOs will find our rate of \$10 per square foot and

three dollars per square foot for utilities to be well below the market standard.

NYCHA's goal is not to reduce services. In fact, we are actively working to find additional CBOs who can provide a range of services to our residents well into the future.

Let me be clear—NYCHA has not forced anyone out of an Authority space. And in the event that a CBO maintains it cannot pay to lease a NYCHA space, we encourage those organizations to form partnerships with other CBOs who share our belief that these services are important to the communities we serve.

The Policy's Benefits

Rent is a fact of life, especially in New York City. While we respect that the CBOs who serve NYCHA residents are providing a vital social service not only to NYCHA families,

but also to all of New York City, that cannot be sufficient reason to exempt them from NYCHA's fee policy. If each sponsor currently operating on a NYCHA site paid a rent of \$10 per square foot plus the additional three dollars per square foot for utility costs, the Authority would collect approximately \$27 million each year, helping us further improve service delivery for our residents.

Moving Forward

As we continue to strengthen our existing coalitions, as well as identify new partners, we are confident that having a fair and transparent fee policy in place only bolsters the Authority's ability to enhance the quality of service to NYCHA families.

We will continue to work with all of the tenants who operate their organizations on NYCHA property to ensure

that our policy is implemented in a timely manner and with due consideration for both parties.

NYCHA believes deeply in partnership and collaboration to better provide existing services and, ultimately, to expand the range and reach of our service platform. As many of you know, the Authority is currently developing an integrated five year Plan to Preserve Public Housing, which will guide NYCHA as we collaborate with all stakeholders to develop creative funding solutions, expand effective unmet services and develop quantifiable measurements of impact to help secure public housing and the vital services our residents depend on for the future. Thank you and I look forward to taking your questions.