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**The Burden of NYCHA's Deficit Should
Not Fall on the Most Vulnerable**

Testimony of Assembly Member Micah Z. Kellner
Before the New York City Housing Authority
Public Hearing on 2009 NYCHA Agency Plan
Wednesday, August 13, 2008

My name is Micah Z. Kellner and I represent the 65th Assembly District in Manhattan, which includes NYCHA's Ira Robbins Plaza building, home to 159 seniors. Thank you to the New York City Housing Authority for the opportunity to testify today.

In an era when it is becoming ever-more difficult for New York's working families to find affordable housing, the crisis facing the New York City Housing Authority is cause for especially grave concern.

As the agency responsible for providing affordable housing to 625,000 low- and middle-income New Yorkers, NYCHA plays a critical role in preserving New York as a city for everyone, a city not just of millionaires, but of working families. The \$195 million deficit facing the agency in Fiscal Year 2009 represents a threat to NYCHA's continued ability to provide the necessary investments, maintenance, and services needed to support its network of housing, and as such, it represents a threat to thousands of New Yorkers.

There is no question that much of the responsibility for this shortfall lies with the Federal government. As has been made clear time and time again over the last eight years, the Bush administration has little interest in the needs of working families, and its chronic shortchanging of the Public Housing Operating Fund and the Public Housing Capital Fund is one of many examples of its disregard for so many Americans. As a consequence, NYCHA has been faced with \$611 million in Federal underfunding since 2001.

I realize that this destructive neglect by the Federal government, combined with rising energy and non-discretionary labor costs, forces NYCHA to confront some hard choices. However, I have serious concerns about some of the particular paths contemplated by the agency as it seeks to address this challenge.

NYCHA's network of senior and community centers fill a vital role in providing services to thousands of New Yorkers. In my own district, for instance, the Lenox Hill Neighborhood House operates a senior center in a NYCHA facility, serving over 2,000 seniors a day, including those attending its day programs for people with Alzheimer's Disease and for seniors with cognitive disabilities. If this center were closed, the programs – and the clients they serve – would have no place to go. The senior centers are vulnerable in the face of this crisis because they are not perceived as “core” NYCHA services.

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Yet they are of core importance to the many New Yorkers they serve. Closing them would be disastrous, and it must not happen.

I am also concerned about NYCHA's plan to transfer 8,400 public housing apartments into the Section 8 program. This plan would represent a net loss of affordable housing, diverting valuable Section 8 vouchers from their primary purpose. Such a measure, if taken at all, should only be taken as a last resort, and to the minimum extent possible.

A key element in NYCHA's revised Agency Plan is its proposal to raise rents on thousands of public housing residents. While the increases would only apply in cases where the new rent would remain at or below 30 percent of a tenant's income, I am nevertheless distressed by the notion of raising rents for New York's working families at a time when this city seems ever more overrun by luxury development, when the supply of rent-regulated apartments is dwindling, and when the City government is spending \$250 million offering property tax rebates to homeowners.

I recognize that the State has a role to play in helping restore NYCHA to financial health. We took an important step toward this goal last year by passing the New York State Shelter Allowance bill, creating equity between the shelter allowance paid to private landlords and that paid to public housing authorities. As NYCHA notes in its Draft Agency Plan, this change will increase the agency's annual revenue by \$47 million. Still, the state can do more, including restoring operating subsidies for NYCHA developments built with state funds – I urge my colleagues to join me in supporting such a step.

The City must also do its part, by restoring its own operating subsidies for City-financed developments. I commend the City Council for appropriating an additional \$18 million to help keep NYCHA's community centers in operation. I believe that the City should also examine the apparent discrepancy by which NYCHA is forced to make \$25 million a year in Payments in Lieu of Taxes, given that nonprofit housing agencies are usually exempt from paying property taxes.

I also urge NYCHA to explore fully every option for raising additional revenue without impacting its residents. The agency has proposed to generate funds by selling some of the valuable development rights associated with many of its properties. I would strongly support such a move, though I note that a report issued by Manhattan Borough President Scott Stringer indicates that NYCHA's proposal may not in fact be enough to take full advantage of this opportunity. I urge NYCHA to ensure that it is making the most of its assets.

Ultimately the responsibility for maintaining quality public housing for New Yorkers rests on many shoulders. I know that my fellow elected officials and I will do everything we can to see that NYCHA is receiving adequate support. At the same time, I strongly urge NYCHA to take all necessary measures so that the impact of its budget deficit is not felt by its residents, who are blameless in this crisis. If we are to uphold our commitment to keeping New York as a city for everyone, we must ensure that those who live in and are served by NYCHA facilities are able to weather this storm.

Thank you again for the opportunity to testify today.