

**TESTIMONY OF GREGORY FLOYD
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BEFORE THE CITY COUNCIL COMMITTEE ON PUBLIC HOUSING
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Teamster Local 237, representing 7,000 employees of the New York City Housing Authority (NYCHA), welcomes this opportunity to express its opposition to headlong privatization of NYCHA developments under the "PACT" program. Local 237 suggests a moratorium on further PACT conversions until the program is carefully investigated by the Council, under appropriate public scrutiny.

This type of public examination is overdue because PACT represents a *radical privatization* of NYCHA assets, a retreat from our City's commitment to provide affordable public housing that was inaugurated by Eleanor Roosevelt and Fiorello LaGuardia 87 years ago. Under PACT, already begun, 62,000 NYCHA apartments will be taken out of the public domain and turned over to private developers through 99-year leases. The developers will operate the former NYCHA properties for profit (now as Section 8 housing). They will recruit and train their own workforces, offering drastically lower rates of compensation than were enjoyed by the previous unionized NYCHA employees. They will design their own maintenance schedules for the properties, free of the current, exacting federal-court oversight of NYCHA developments. They will pocket all rents. Only NYCHA's preservation of the ground lease masks an effective *giveaway of public assets to private ownership*.

PACT Threatens Leaseholder Rights

This turnover of public housing to private landlords occurs as New York City experiences its worst shortage of affordable rental units since World War II. Rents in the city have increased 33% in the last year, a situation predictably compounded by evictions resulting at the end of the national rent moratorium. The implications of this shortage are ominous for low-income NYCHA residents struggling to pay rent at developments privately managed under PACT. As Queens Borough President Donovan Richards has warned: "This is much different than NYCHA -- private managers can boot you when they want!" At Betances Houses (Brooklyn) and Ocean Bay Houses (Queens), two of the first PACT developments, evictions increased dramatically in the pre-moratorium period. Betances eviction rates more than doubled after conversion. Residents say "aggressive" management policies at Ocean Bay resulted in evictions rates *3 to 4 times higher than the NYCHA average* during 2017-2019. In a 26-month period between 2017-19, Ocean Bay reported 80 evictions. Brownsville Houses, the NYCHA development with the next highest number of evictions, reported 39.

Human Rights Watch, contemplating these omens, warns that "the elevated eviction rates in [these] developments raise concern as to whether there are adequate safeguards to mitigate the risk of increased evictions that result in homelessness." Despite repetitive, blithe assertions to the contrary, residents in converted developments lose valuable legal protections against eviction proceedings. Residents of developments converted under PACT are no longer protected from eviction while they contest their rent calculation or are requesting an income adjustment. This is a right they enjoyed as NYCHA residents under the court-approved Fields Settlement. NYCHA apparently does not contest that PACT residents now suffer this disability.

Mayor Adams has suggested he is inclined to support new PACT conversions if residents are in favor of the program. After hearing reports from already-converted developments, and long suspicious of privatization, residents of Harlem River Houses have demonstrated and gone to court to protest their development's imminent conversion under PACT. Local 237 advances a novel proposition -- let residents of developments VOTE on whether they support PACT conversion of their homes. Local 237, whose membership includes thousands of NYCHA residents, is confident residents would vote against conversion in every location. This is a prediction elected representatives on the Council might give serious consideration.

An Illusory Promise of Improvement

The proponents of PACT, and the national HUD program under which it is enabled, "Rental Assistance Development" (RAD), gloss over the fact that it is simple *privatization* (*i.e.*, turning over NYCHA properties to private developers to run for profit.) Instead, proponents of PACT/RAD emphasize the "investments" private partners pledge to make in any developments they take over. PACT/RAD is portrayed as a "public-private effort" in which both parties contribute value.

Investment by private parties under RAD nationwide is unclear at best. HUD has touted statistics showing that each dollar of public contributions under RAD is matched by 19 dollars from private partners. Prodded by U.S. Rep. Maxine Waters, the General Accounting Office (GAO) found the *reverse* -- public money exceeds private money by a ratio of 4-1. Council members should inquire into the specific initial investments -- and their timeline for accomplishment -- offered by PACT developers in return for pocketing a century's worth of rents.

But the real, if, unspoken, justification of PACT is the cherished reactionary chestnut that private management, "disciplined by the marketplace," will be tougher, leaner and more competent than public servants in administering housing for thousands of NYCHA residents. Of course, this axiom repudiates our city's best progressive traditions. It is also belied by the record of private managers in projects already converted under PACT, and the absence or serious delay of promised "improvements."

** Daily News reporter and NYCHA resident Marie Auciello writes of residents' experiences after her own Kipps Bay development was converted. *"[NYCHA] promised us brand new kitchens, bathrooms and flooring. The program, known as RAD, was made out to be the answer to our prayers . . . [New manager Carleton Place] immediately cut back the hot water, the water pressure and the heat. The elevators stopped functioning, a problem we never had before. There were sudden repairs, without any written notice, for leaks, mold, and lead, often for problems residents were unaware they had. Safety precautions were not followed. One incident was reported of a 10-month-old baby and her family that was exposed to lead during a lead abatement, where the grandmother passed-out. . . . The property manager has never had a meeting with residents, barely communicates and refuses to give out his phone number or email for us to contact ..."*

** The local journal, The City. has been a dogged if lonely investigator of PACT. It reports that building inspectors have repeatedly cited one PACT contractor for multiple violations at a Brooklyn development, and that residents in PACT developments in Brooklyn and Manhattan "have alleged that private contractors have botched renovations, clogged hallways with debris and left upgrades half-finished for weeks." It quotes Brooklyn resident Patricia Vazquez, who vacated her unit for two weeks so repairs might proceed. She returned to find that old vertical pipes had been ripped out in several rooms, leaving holes for vermin. *"There were roaches everywhere,"* she laments, *"and I had to plug the holes myself."* Residents at Hope Gardens in Bushwick reported the loss of hot water for a week after private manager Pinnacle City took over the development. Residents at Independence Towers in Brooklyn report a breakdown in elevator service during PACT conversion. *"It's worse than it was with NYCHA."*

** While NYCHA representatives exult over new fixtures and other improvements to apartments after PACT conversions, residents are underwhelmed by results, which they call "shoddy." Betances resident Sonyi Lopez reports, *"It feels like a lot of things they promised they were going to fix were like half done."* Another Betances resident reports the new management provided her with three (3) deficient refrigerators before she gave up and purchased her own.

** Alarming stories have surfaced reflecting the lack of oversight of private contractors performing PACT renovations. A company contracted to do the asbestos abatement at the Kipps Bay building has been cited for twenty (20) safety violations in the last three years. Another contractor slated to work for a PACT developer had been caught "resolving" mold issues in over 40 apartments by the expedient of placing drop ceilings beneath mold-infested rafters. Responding to complaints like these from constituents, U.S. Rep. Nydia Velazquez declares: "Lack of oversight and transparency with private developers and their work product has always been a serious concern of mine in the rehab program." The incompetence of private managers and contractors in removing dangerous lead paint and mold from apartments forced a hasty court settlement allowing for NYCHA to monitor their work in this area. (This is an exception to the private developers' apparent exemption from scrutiny by the federal-court monitor appointed to oversee remaining NYCHA projects.) This fumbling reassertion of NYCHA responsibility, reflecting a serious lack of oversight under PACT, was somehow described as "groundbreaking" by NYCHA publicists.

Some 15,000 apartments have already been converted to private management under PACT. Council members are urged to consult the exhaustive report Human Rights Watch has compiled on PACT, its purported accomplishments, documented failures, and the troubled reactions of residents. There is a substantial record of results on which the Council can deliberate before agreeing to the projected giveaway of 50,000 more NYCHA units. The resident reactions to date do not reassure, and compel the idea of a moratorium on further conversions.

Cutting Employees' Wages and Benefits

Above, Local 237 adverted to the fact that labor contracts which cover Local 237 workers at NYCHA developments are torn up upon PACT conversion. The wages and benefits offered by new private management are in every case drastically inferior (For this reason, none of the incumbent NYCHA employees at developments that undergo conversion have accepted employment at these locations, instead opting for transfers to NYCHA projects with vacancies.) Possibly thousands of jobs that previously included defined benefit pensions, lifetime drug/dental benefits and better hourly wage rates will be lost to working-class New Yorkers.

Several Council members express hopefulness that other unions have stepped in to organize the newly privatized workforces. Local 237 has great respect for our fellow unions and supports their efforts to represent new members in the developments. But it is irrefutable that those unions, now negotiating terms in an entirely different (private) labor market, cannot hope to match benefits previously enjoyed by public employees under NYCHA.

Local 237 recognizes that PACT's impact on NYCHA residents (several thousand of whom are our members), and the broad policy issues of privatization are the principal concerns of the Council. But we know Council members are also concerned over erosion of union standards and the loss of good-paying jobs in our city. Are private developers really bringing value and superior expertise to the renewal of former NYCHA properties? Or is their secret the ability to slash workers' wages and more efficiently evict slow-pay residents? This too is a basic question for the Council.

Conclusion

It is ironic that New York City is preparing to discard tens of thousands of public-housing units at the precise moment working-class and poor apartment dwellers face an affordable housing shortage not seen here for the better part of a century. It was precisely this type of housing deficit facing returning World War II veterans and their families that inspired the rapid buildup of NYCHA in the first place. Today, we go in the opposite direction. Why?

Bronx Congressman Ritchie Torres offers a lament that spotlights the real issue. "Build Back funds \$80 billion for public housing. If [it had become law], elected officials and tenants would rightly conclude that RAD has lost the original rationale for its use." He is certainly correct and to be complimented for candor. The real problem of aging public housing in New York City is the woeful funding shortages and lack of capital investment suffered by NYCHA for years. This has been the failing of both federal and local leadership.

With PACT, NYCHA officials and Mayor DiBlasio accepted defeat in the face of the problems resulting from years of funding shortfalls. Their solution is offloading tens of thousands of units from NYCHA's budget and administrative plate. Too little thought has been given to the abandonment of true public housing in a city whose private market has *never* met its housing needs.

City Council members now face a decision of moment on PACT, a program has not received the close public scrutiny it merits. Headlong continuation of PACT conversions at this time could result in irrecoverable and serious consequences for many of the most vulnerable New Yorkers. The Council is urged to support a moratorium on PACT conversions, so we may have a first, serious consideration of the program's wisdom.