

TESTIMONY OF THE DEPARTMENT OF HOUSING PRESERVATION &
DEVELOPMENT TO THE NEW YORK CITY COUNCIL'S GENERAL WELFARE
COMMITTEE - DECEMBER 12TH, 2007 - 10AM

Good Morning, Chairman deBlasio and Members of the General Welfare Committee. My name is Barbara Flynn and I am Chief of Staff at HPD's Division of Intergovernmental Affairs and sitting next to me is Patricia Zafiriadis, Assistant Commissioner of Tenant Resources.

As many of you know, the Division of Tenant Resources implements HPD's federal Section 8 Housing Choice Voucher program. The other Section 8 programs in the City are run under the supervision of NYCHA and the New York State Department of Housing and Community Renewal (DHCR).

Before I turn the presentation over to Patricia to provide an overview of our Section 8 program, I would like to briefly comment on Intro 61-A. This legislation amends the Human Rights Commission's Section of the Administrative Code to add a prohibition on discrimination against a tenant on the basis of their "lawful source of income" or rental subsidy payment, Section 8.

As many of you know, approximately three-quarters of HPD's vouchers are provided to tenants who live in buildings that were newly developed or renovated with financial assistance from HPD, in addition to homeless set-aside and supportive housing units, so these owners are all highly motivated to accept Section 8. As for the remainder of our clients, we have not experienced a shortage of landlords willing to accept Section 8. HPD

does not believe that this bill is necessary but if it were to pass, we would seek to carve out smaller landlords (6-10 units) who may be adversely financially impacted by the administrative burdens of the Program and having to keep units off-line while apartments are being inspected and until the tenant and landlord has completed and submitted all their paperwork.

General comments for Patricia:

Good morning, Chairman deBlasio and members of the General Welfare Committee. My name is Patricia Zafiriadis and I am the Assistant Commissioner of Tenant Resources at the NYC Department of Housing Preservation & Development.

I have submitted a written powerpoint which I have previously shared with Council staff and various landlord and tenant organizations. My testimony will focus on HPD's Section 8 Program, including an overview of and update on recently implemented initiatives, and also some discussion of initiatives that are still on the drawing board.



City of New York Department of Housing Preservation and Development
Office of Housing Operations, Division of Tenant Resources

HPD Section 8 *Overview and Progress*

Presentation to City Council General Welfare Committee
December 12, 2007

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Office of Housing Operations, Division of Tenant Resources

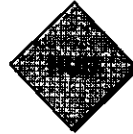
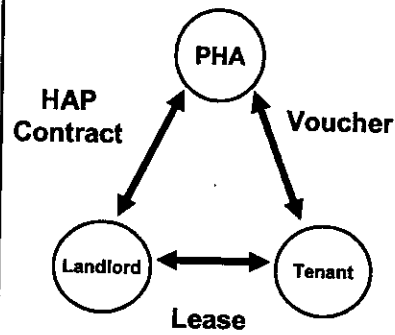
What is Section 8?

- Funded by HUD
- Rent subsidies to private landlords on behalf of qualifying low-income tenants
- Tenants pay 30% of their income toward housing costs (rent + utilities); the subsidy covers the balance, up to a payment standard

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Section 8 Players



- Regulations
- Funding
- Administrative Oversight



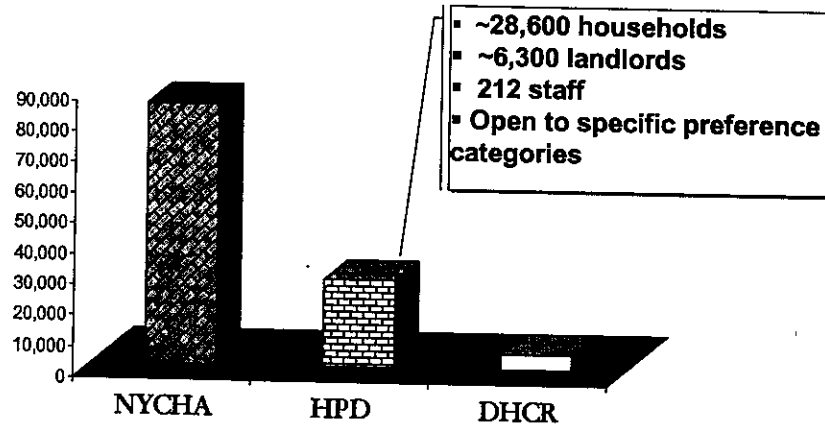
- Payments (HPD only)
- Rent Regulation
- Housing Code



- Fraud Investigation



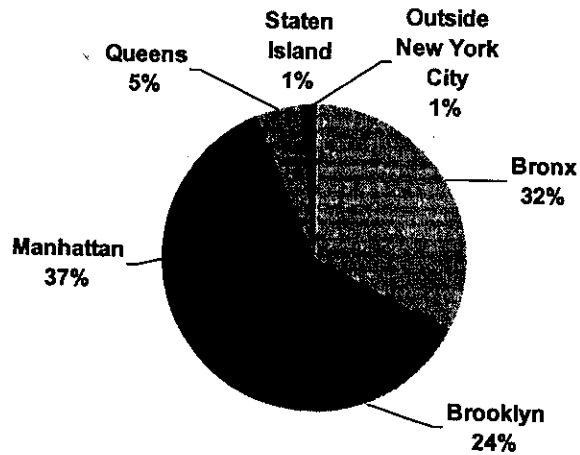
Section 8 in NYC





City of New York Department of Housing Preservation and Development
Office of Housing Operations, Division of Tenant Resources

HPD Section 8 by Borough

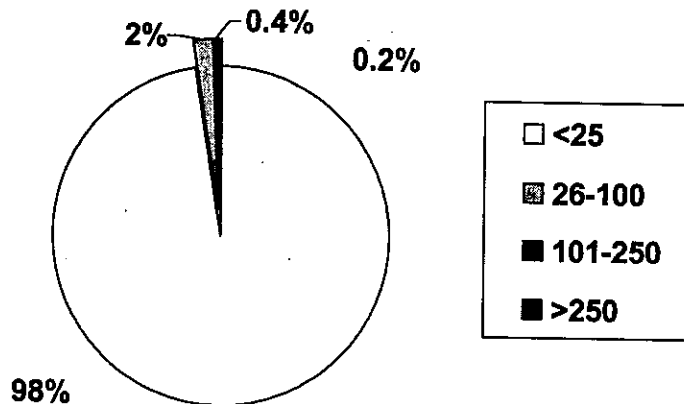


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HPD Landlords by # of Subsidized Units

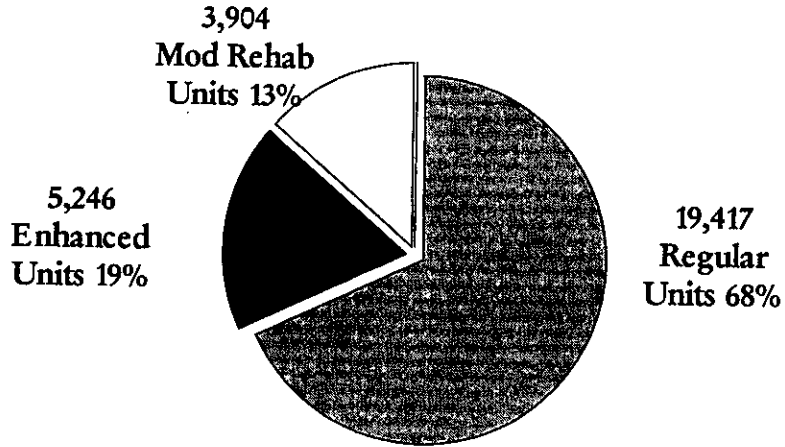


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HPD Section 8 by Type



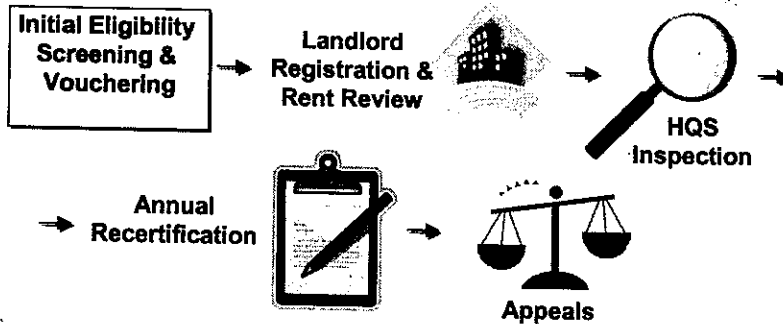
Rent stabilized units = ~60%

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Section 8 Components



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Select HPD Program Characteristics

- Eligibility
 - Specific preference categories supporting HPD's development mission
 - 50%, 80%, or 95% AMI, depending on program
- Income Targeting
 - 75% of combined annual admissions must be under 30% AMI (excluding enhanced)
- Payment Standard
 - 110% FMR
- Payments
 - Payments issued through Comptroller's Office
 - Direct Deposit available
- HQS Inspections
 - Repairs verified through re-inspection
- Relationships with Buildings
 - Work closely with property owners in other areas i.e. *in rem*; Code enforcement



City of New York Department of Housing Preservation and Development
Office of Housing Operations, Division of Tenant Resources

2006 Program Volume

- 1,400 New admissions
- 39,000 Annual and interim re-certifications
- 36,000 inspections
- 600 new owners registered
- 10,000 rent increase requests
- 3,000 move and port requests
- 145,000 phone inquiries
- 25,000 walk-in clients



Program Issues

- Burdensome/Overdue re-certifications
- Untimely payments
- Untimely inspections
- Untimely rent increase approvals
- Missing documents
- Multiple points of contact
- Policies inaccessible / in need of review
- Poor communications



Program Initiatives—Infrastructure and Resource Development

- Staff Development
 - New Hires
 - Training
 - Written procedures
 - Case management approach
 - Teams organized by large landlords
 - Quality Assurance reviews
 - CBO assistance
 - Client and Owner Services Unit
- Case Tracking
 - Files bar-coded
 - Files reorganized
 - File room upgraded
 - New databases
 - Processing checklists
 - Rent requests scanned upon receipt



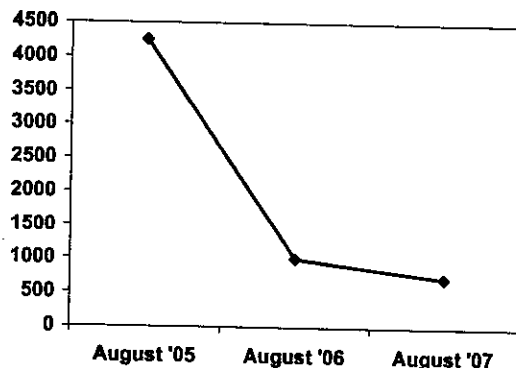
Program Initiatives—Communications

- Administrative plan on HPD website
- Distributed owner's manual to all landlords
- Conducted landlord workshops
- FAQs for mailings, client services, and website
- Engaged consultants to review phone system
- Revamping / Creating forms and documents
- Translation of critical documents into Spanish
- Interpreters at briefings, conferences & hearings
- Language Line phone translation

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Program Trends— Overdue Recertifications

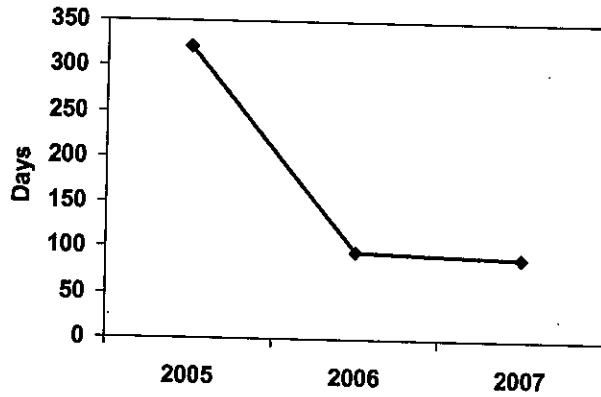


- Decreased by 77%
 - Implementation of tighter protocols
 - Clearer guidance, and extra support to help tenants comply
 - Stricter and more consistent enforcement of program compliance
- More frequent file review results in greater accuracy of subsidy level

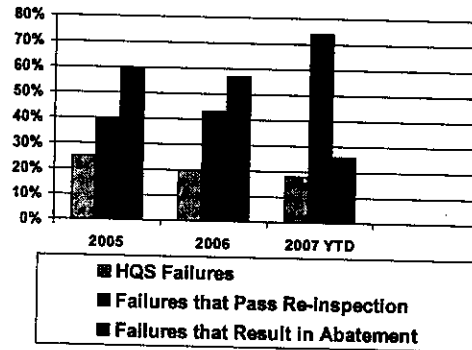
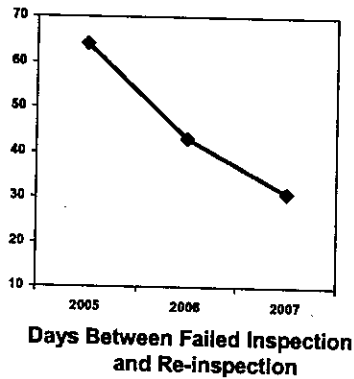
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Program Trends— Rent Increase Approval Time



Program Trends— HQS Inspections





City of New York Department of Housing Preservation and Development
Office of Housing Operations, Division of Tenant Resources

Future Initiatives

- **More staff hiring**
 - 40 additional spots approved. Hiring currently in process
- **Continued operational attention in needed areas**
 - i.e., Rent Increase requests, HQS, subpoenas
- **Select web-enabled landlord functions— next 18-36 months**
- **Annual portfolio review for large landlords/by request— in process**
- **Coordinated, building-wide HQS inspections for developments with 10+ units— January 2008 (40+ unit standard was used in 2007)**
- **Project-Based Voucher pilot— goal of ~250 units in contract in 2008**
- **Revised materials**
 - Tenant Recertification Package— Winter 2008
 - Tenant Briefing Book— Summer 2008
- **New materials**
 - HPD Newsletter—mid-2008
 - Landlord Guidebook— Winter 2008-2009

**Testimony to
The New York City Council**

Comments on Proposed Intro No. 61-A

December 12, 2007
John Tynan, Director of Housing
CATHOLIC CHARITIES OF BROOKLYN AND QUEENS
191 Joralemon Street
Brooklyn, NY 11201
(718) 722-6000

Good Morning, my name is John Tynan. I am the Director of Housing for Catholic Charities of Brooklyn and Queens. On behalf of Catholic Charities, I would like to thank Council Member Bill de Blasio for his leadership and advocacy on the issue of Section 8. It should come as no surprise to anyone attending this hearing, that the lack of affordable housing in New York City has yielded excessive hardship for hundreds of thousands of families and individuals.

As one of the largest providers of housing for low-income seniors, families and the formerly homeless in New York City, we experience the affordable housing crisis at Catholic Charities every day. Oftentimes, the call for help comes first to the rectory door or to a Catholic Charities Family Center. The hardship and displacement caused by soaring rents has created a state of continuous threat in lives of so many low and moderate income families and seniors.

One tool available to help address this crisis is the Section 8 Housing Voucher Program. The Intro 61 bill before the City Council can help make the Section 8 program even more effective by preventing discrimination by landlords. Through our family centers, counseling services and housing programs, Catholic Charities provides supportive case management to families and individuals who are the verge of homelessness. We have assisted them with obtaining vouchers; only to have these clients repeatedly denied housing by landlords who won't accept the vouchers.

In addition to this discrimination, are the administrative flaws in the voucher program that negatively impact its effectiveness. Part of what makes a Section 8 tenant unattractive to a prospective landlord is the cumbersome paperwork and inspection standards which are not always clear. Once accepting a tenant, this situation is further complicated by the fact that landlords routinely do not receive timely payments, often waiting months for back rent checks from Section 8. If we want to really to make the Section 8 Voucher Program more effective, we must address the discrimination issues

together with the administrative impediments. Section 8 vouchers should help prospective tenants, not hurt them.

Let me tell you about the specific experiences of two Catholic Charities clients. In the first case, a family on the verge homelessness contacted a Catholic Charities Family Center, who assisted them with obtaining a voucher and locating an apartment within the Section 8 price range. The social worker felt the apartment would have passed the Section 8 inspection. Shortly after seeing the apartment, the realtor who helped locate the apartment informed us that the landlord would not accept Section 8. The realtor gave the social worker the landlord's number to call him to see if he would change his mind. The landlord stated that he did not take Section 8 because of the "type of people who are on these programs."

In the second case, a social worker found an apartment on Craig's list also within the Section 8 price range. When the social worker contacted landlord, he indicated that he had worked with Section 8 in the past and would never do it again. The landlord stated that he took two different families who had NYCHA Section 8 in the past and it took four months from the time he agreed to rent the apartment until he received his first payment. In addition, NYCHA would often not send their portion of the rent or send an amount that was significantly less than what was owed. When he tried to fix the problem with NYCHA he found them unresponsive and unhelpful.

The Section 8 Vouchers that New York City receives are not being fully utilized. Given the affordable housing crisis faced by so many in this city, we urgently request that the City Council and the Administration do everything possible to remove all obstructions that impact the effectiveness of the Section 8 Voucher Program. In addition to Intro 61, we advocate for a streamlined, accountable process to be put in place to assist client advocates, tenants and landlords in using the program. A well planned administrative process, housed in regional centers that provide all the services at one stop will help ensure that New York maximizes its use of this critical housing program.

**TESTIMONY OF THE LEGAL AID SOCIETY
IN SUPPORT OF INTRO 61**

New York City Council
General Welfare Committee

December 12, 2007

Founded in 1876, the Legal Aid Society's Civil Practice is the oldest and largest program in the nation providing direct legal services to the indigent. Our legal assistance is focused on enhancing family stability and security by resolving a full range of legal problems, including immigration, domestic violence, family law, and employment, in addition to housing, public benefits and health law matters. Through our housing and community development work, we also foster the development of community-based organizations, job creation, and neighborhood revitalization. Annually, the Society's Civil Practice provides free direct legal assistance in some 30,000 individual closed cases through a network of 10 neighborhood offices in all five boroughs and 17 specialized units and projects for under-served client groups. When it is the most efficient and cost-effective way to help our clients, we provide legal representation to groups of clients with common legal problems, including those referred by elected officials.

We welcome the opportunity to testify before the General Welfare Committee and appreciate the leadership of Chair Bill deBlasio. We strongly urge the City Council to pass Intro 61. This is an important homelessness prevention measure that will allow New Yorkers receiving lawful sources of income to find housing and remain in their homes.

The Problem:

A recent study by ACORN shows that 90% of New York City landlords do not accept Section 8. Only 13% of apartments available on Craig's List, and the listings in the New York Times or the Daily News will accept Section 8. Current fair housing laws in New York City permit landlords to discriminate against tenants for using lawful income to pay their rent. Lawful income includes Social Security, disability, pension payments, Section 8, and public assistance benefits including FEPS and Jiggetts. Every day we see clients who are turned away because of their source of income for apartments that they can afford, but for the landlord's discrimination. We continually see landlords who will only rent to "working" people or will not take Section 8 even for someone who is working.

NYCHA is giving out 22,000 Section 8 vouchers in the next two years. NYCHA has given out very few Section 8 vouchers for the past two years. In 2004, the last time NYCHA gave out a significant number of Section 8 vouchers, over 35% of voucher recipients were unable to use their vouchers and the vouchers expired without rental. The housing market has tightened significantly since then. Many families who receive Section 8 now will not be able to use their vouchers because landlords are discriminating against them because of their source of income.

We have been contacted by the following families who have received Section 8, but cannot use their Section 8 vouchers. We cannot represent these families because, under current law, we cannot help them. As a result, these families are likely to become homeless. If this bill passed, we could ensure that they are able to use their vouchers.

Miya Korik is 72 years old. She lives at 410 Marlborough Road, #5D, Brooklyn, NY 11226. She has lived there for over 10 years. She receives a pension in the amount of \$713 a month. Her rent is over 80% of her income. Her Section 8 voucher will expire shortly. If this bill passes, Ms. Korik's current landlord will have to accept her voucher and her share of the rent will be reduced to \$214 a month.

Mikhail and Bronislava Mechetner are 79 years old. They live at 1002 Ditmas Avenue #4F, Brooklyn, NY 11218. They've lived in their current apartment for 15 years. Their income is \$1038 from SSI. Their rent is 46% of their income. If they received Section 8, they would pay \$311.40 in rent or 30% of their income. Their Section 8 voucher will expire shortly. If this bill passes, the Mechetners' landlord will have to accept their Section 8 voucher.

Mr. And Mrs. Lobkov are 84 and 76 respectively. Their sole source of income is Social Security. They have lived at 1750 East 14th Street, Brooklyn, NY, for over 10 years. They are paying over 50% of their income in rent. If this bill passes, their landlord will have to accept their Section 8 voucher and their rent will be reduced to 30% of their income.

Milagros Rivera lives at 1889 Sedgwick Avenue, #6H, Bronx, NY, 10453. It is a former Mitchell Lama building owned by landlord Larry Gluck. Her landlord refused to accept her Section 8 voucher. Her rent is over 90% of her income. She can only pay it by borrowing money from friends and family. If this bill passes, her landlord will have to accept her Section 8 voucher and her rent will be approximately \$200 a month.

I am also here with Omayra Cruz who has been looking for an apartment in the Bronx for months. She has been told over and over "no Section 8."

Studies show that landlords often use source of income discrimination to successfully conceal bias based on race, gender and national origin. In Chicago, a recent study by the Lawyer's Committee for Better Housing confirms that white Section 8 recipients are much more likely to find a rental with their Section 8 vouchers than Section 8 recipients of color. If this bill is passed, it will help to prevent other forms of discrimination in addition to source of income.

The Solution:

Twelve states, (New Jersey, Connecticut, Massachusetts, Maine, Minnesota, North Dakota, Oklahoma, Oregon, Utah, Vermont, Wisconsin, and California) and the District of Columbia have enacted laws which ban discrimination on the basis of source of income. Multiple municipalities and counties, including Buffalo, Nassau County, Chicago, Los Angeles, San Francisco, Portland, OR, and Seattle, have already passed fair housing legislation that protects tenants using a lawful source of income to pay their rent.

Opponents claim that passing this bill will reduce the available affordable apartments in New York City because landlords will simply price apartments out of the Section 8 range to avoid the law which will make apartments more expensive to other tenants. However, advocates in Massachusetts, New Jersey and Connecticut have not seen this happen. In fact, a 2001 HUD commissioned study showed that voucher holders had a better success rate in localities that have source of income protection. Here in New York City, 1,000,000 apartments are rent stabilized and it would be illegal for rent stabilized landlords to price apartments out of the Section 8 range to avoid a source of income discrimination prohibition. Furthermore, for market rate apartments, the rent is set by the market. In markets where the market rent is the Section 8 amount, Section 8 tenants will be able to use their vouchers. Landlords with market rate apartments cannot raise their rents above the market, because they will not be able to rent the apartments to others.

Opponents also claim that this law is illegal. This claim is likewise frivolous. HUD rules explicitly allow local laws prohibiting discrimination against Section 8 voucher holders. 24 C.F.R. § 982.53 (d).

Laws which ban discrimination on the basis of lawful source of income have been upheld by the Courts. Most recently, this summer, the New York Court of Appeals upheld the provision of New York City's administrative code which mandates landlords who participate in the J-51 Program accept their tenants' federal Section 8 rent subsidies. See Rosario v. Diagonal Realty, LLC, 8 N.Y.3d 755 (2007). The highest courts of our neighboring states, Massachusetts, Connecticut and New Jersey, have upheld their state laws which ban discrimination on the basis of lawful source of income. Commission on Human Rights & Opportunities v. Sullivan, 739 A.2d 238, 246 (Conn. 1999); Franklin Tower One LLC v. N.M., 157 N.J. 602, 725 A.2d 1104 (N.J. 1999); Attorney General v. Brown, 511 N.E.2d 1103 (Mass. 1987).

At a time of record homelessness in New York City, the City Council should pass legislation which will open doors to tenants who receive Section 8 vouchers, retirement income, disability payments and public assistance. This proposal will prevent homelessness without requiring any expenditure of City funds. We urge you to pass this important and far-reaching legislation.

Conclusion

Thank you again for the opportunity to testify before the General Welfare Committee.

Respectfully Submitted:

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TENANTS & NEIGHBORS

THE STATEWIDE CENTER OF POWER FOR TENANTS

Testimony of Tenants and Neighbors On Intro. 61
New York City Committee on General Welfare
Wednesday, December 12, 2007

My name is Katie Goldstein. I am a tenant organizer with Tenants and Neighbors, a 30 year old organization that works to empower tenants and preserve affordable housing.

I would like to thank the Committee on General Welfare and the Speaker of the City Council to have the opportunity to testify on behalf of Tenants and Neighbors and support the City Council to adopt Intro. No. 61 against voucher discrimination for tenants.

Tenants and Neighbors is extremely concerned about the issue of voucher discrimination for multiple reasons that I will speak on today. As an organization we work to preserve Project based Section 8 and Mitchell-Lama affordability in part because of the difficulty of the voucher system for most tenants. Voucher discrimination affords the landlord the right to refuse low-income tenants a place to live. Under the veil of not wanting to work with the supervisory agencies' bureaucracies, landlords are able to practice discrimination against people because of race, nation of origin, and socioeconomic status.

Rather than allowing low-income tenants to move into economically thriving areas, we all too often see how the voucher system as it currently stands concentrates people in sub-standard housing and away from economically thriving areas because of sky-rocketing rents of the increasingly competitive New York City Housing Market.

I work primarily with Mitchell-Lama tenants. There is a strong trend of buy-outs all around the city for Mitchell-Lamas. When a Mitchell-Lama is bought out of the affordability program, tenants who qualify are awarded Section 8 vouchers. As landlords

who went to buy-out claim, vouchers supposedly give tenants the ability to move where they want. However, as ACORN estimates in their study *Housing for Everyone: New York City, Section 8, and Source of Income Discrimination* (ACORN, 2007) only 10% of landlords accept vouchers in New York City. Since there are so many units of Mitchell-Lama housing being bought out every year, there are more voucher tenants looking for housing. As voucher tenants move from former Mitchell-Lamas, the already overcrowded market is flooded with still more tenants in need of affordable housing. Because landlords currently have the right to reject voucher holders, these tenants are pushed out of their neighborhoods and most likely into sub-standard housing.

Tenants who were forced to move from 3333 Broadway, the 1190-Unit West Harlem building that bought out of the Mitchell-Lama program in 2005, are facing a housing market where landlords are permitted to discriminate on the basis of income. Because of this currently legal form of discrimination, it is unlikely that the tenants who received vouchers will be able to stay in West Harlem because of the high rents in this gentrifying area. Therefore, many tenants are effectively displaced from their community.

One major factor that disqualifies tenants in bought-out Mitchell-Lamas from using their vouchers in order to stay in their building is what supervisory agencies call "inappropriate apartment size." If there are tenants who are living in an apartment where the apartment size does not match the number of people in the apartment and the tenant cannot be relocated within the building, then he/she is forced to move somewhere that accepts vouchers and is the appropriate size. The tenant is effectively displaced, and is forced to search for an apartment in an over-clogged and over-competitive rental market, with no protection against discrimination.

Please join with the 13 other states and 17 municipalities that have outlawed income discrimination through passing Intro. 61.

Thank you for this opportunity to testify on this important issue on behalf of Tenants and Neighbors. Please feel free to contact me with other questions about this issue.