

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON PUBLIC HOUSING

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HELD AT: Council Chambers - City Hall

B E F O R E: RITCHIE J. TORRES  
Chairperson

COUNCIL MEMBERS: Rosie Mendez  
James G. Van Bramer  
Vanessa L. Gibson  
Donovan J. Richards  
Laurie A. Cumbo  
Rafael Salamanca, Jr.

## A P P E A R A N C E S (CONTINUED)

Iris Quinones, Representative for  
NYC Congresswoman Nydia Velazquez

Brian Kavanagh  
Assembly Member

Ellen Davidson, Staff Attorney  
Legal Aid Society

Cathy Pennington, Executive Vice President  
Leased Housing  
New York City Housing Authority, NYCHA

Eva Trimble, Deputy Commissioner  
Financial Management & Tenant Resources  
Department of Housing Preservation & Development, HPD

Rachel Fee, Executive Director,  
New York Housing Conference

Victor Bach, Director  
CSS Housing Policy Research & Advocacy  
Community Service Society

Rachel Fee  
New York Housing Conference

Nakita Thompson  
Housing Coordinators



2 [sound check, pause] [gavel]

3 CHAIRPERSON TORRES: The hearing is  
4 coming to order. Good morning everyone. My name is  
5 Ritchie Torres, and I chair the Committee on Public  
6 Housing. I'm proud to be joined by the Public  
7 Advocate Letitia James, by Council Member Jumaane  
8 Williams who chairs the Committee on Housing and  
9 Buildings, and by the Majority Leader Jimmy Van  
10 Bramer, and we are here to conduct and oversight  
11 hearing on HUD's proposed rule mandating the use of  
12 small area Fair Market Rents for the Section 8  
13 program in certain cities including New York City.  
14 We will also be hearing Resolution No. 1231 sponsored  
15 by Council Member Williams and myself, which calls on  
16 HUD to exclude New York City as well as cities with a  
17 housing vacancy rate below 5% from the proposed rule.  
18 Before I attempt to make the case against HUD's  
19 proposal for Section 8, it is worth explaining the  
20 basic workings of the Section 8 program. Under  
21 Section 8, the federal government through local  
22 administrators like NYCHA and HPD, subsidizes a  
23 portion of the rent so that a tenant pays no more  
24 than 30% of gross adjusted income toward rent, but  
25 there are limits on the subsidies that the government

2 is willing to provide. And so these are a few  
3 questions to consider: What are those limits, who  
4 sets those limits, and how are those limits set? The  
5 limit of rental support depends on two variables:  
6 Payment standard Fair Market Rent. The limit up to  
7 which the government will subsidize a tenant's rent  
8 is known as the payment standard, and the payment  
9 standard is somewhere between to 90 to 110% of the  
10 Fair Market Rent. The federal government sets the  
11 Fair Market Rent, and the local administrator of  
12 Section 8, be it NYCHA or HPD sets the payment  
13 standard for the vouchers it oversees. Under the  
14 present rules of Section 8, HUD sets—sets one Fair  
15 Market Rent for a large geographic area, which in  
16 case of the New York Metropolitan region includes not  
17 only all of New York City, but also Rockland and  
18 Putnam Counties. Under the proposed rules, HUD would  
19 no longer subsume New York City in a large geographic  
20 area, but instead would segment New York City into  
21 small geographic areas. Each small geographic area  
22 would correspond to a zip code, and would have its  
23 own Fair Market Rent. Hence the term small area Fair  
24 Market Rents. Under small area FMRs, the amount a  
25 New York City Section 8 tenant would pay in rent

2 would depend not only income, but on the zip code in  
3 which the tenant resides. Tenants in wealthier zip  
4 codes will have a higher limit of rental support.  
5 Tenants in poorer zip codes a lower limit. The  
6 concept of small area FMRs is simpler than it sounds.  
7 The proposed rule would expect local-local Section 8  
8 administrators to raise the value of vouchers in  
9 higher income zip codes at the cost of lowering the  
10 value of vouchers in lower income zip codes all in  
11 the hopes of deconcentrating poverty and moving  
12 lower-income households towards higher opportunity  
13 neighborhoods. At the heart of small area FMRs is a  
14 commitment to fair housing, and a concern about the  
15 social cost of racially concentrated poverty. HUD's  
16 valiant attempt at deconcentrating poverty is as a  
17 laudable a public policy initiative as any the  
18 federal government has undertaken, but intentions are  
19 one thing, and consequences are something else.  
20 Small area FMRs in New York City would have the  
21 intention of moving families toward higher  
22 opportunity, but it would have the actual effect of  
23 moving them deeper into poverty. Here is why. If  
24 HUD were to forge ahead with the rule change, it  
25 would provide no new resources for Section 8.

2 Instead, it would expect Section 8 administrators to  
3 redistribute existing resources from tenants in lower  
4 income zip codes to those in higher income zip codes,  
5 and in doing so, it would effectively punish low-  
6 income New Yorkers for living in low-income  
7 neighborhoods. Those of us committed to fair housing  
8 are certainly in favor of promoting mobility, but not  
9 at the cost of penalizing poverty. Not at the cost  
10 of crushing rent burdens. Not at the cost of  
11 displacement, and not at the cost of homelessness.

12 The objections to the proposed rule are too many to  
13 enumerate, but I will hone in on a few of them.

14           Objection Number One: The costs far  
15 outweigh the benefits. The benefit of higher subsidy  
16 in higher income neighborhoods is minimal, but the  
17 cost of lower subsidy in lower income neighborhoods  
18 is massive. If enacted, small area FMRs in New York  
19 City would impose a crushing rent burden on 52,000  
20 households, half of them either elderly or disabled  
21 with rents as high as \$403. It would drive  
22 homelessness to levels we have never seen before,  
23 making the city less affordable without actually  
24 making it fairer.

2           The Second Objection: The proposed rule  
3 replaces clarity with confusion. Instead of one Fair  
4 Market Rent for New York City, there will be 187 Fair  
5 Market Rents, one for each zip code. Going from one  
6 standard to 187 standards is bound to create  
7 confusion for Section 8 administrators who might  
8 struggle to implement the program, landlords who  
9 might have an added incentive to abandon the program,  
10 and tenants who will suffer from all the dysfunction.  
11 Everyone loses.

12           The Third Objection: The proposed rule  
13 calculates Fair Market Rents based on non-market rent  
14 levels. The ivory tower calculations of Fair Market  
15 Rent by bureaucrats in Washington, DC, there is no  
16 resemblance to the reality of the housing market in  
17 New York City. The formula HUD uses has a simple but  
18 fatal flaw. It factors in the rent levels of  
19 regulated units, which offer a distorted view of a  
20 local housing market. When HUD calculates Fair  
21 Market Rent according to below market rent levels, it  
22 misrepresents both the true cost of housing, and the  
23 true need for housing assistance.

24           My Fourth Objection: The proposed rule  
25 demands mobility in the face of paralysis.



2 Everything about the New York City housing market is  
3 crippling. Rents are too high, vacancies are too  
4 few, source or income discrimination too deep, and  
5 when it comes to mobility no matter how well  
6 intentioned, the ends do not justify the means, but  
7 the means must justify the end. The federal  
8 government cannot force under the threat of a  
9 crushing rent burden tenants to move if the tenants  
10 themselves have no ability to move, and have no place  
11 to go. Mobility to nowhere is hardly a strategy for  
12 lifting New Yorkers out of concentrated poverty. It  
13 is dangerous to demand mobility from households  
14 hobbled by a crippling housing market where the  
15 vacancy rate for deeply affordable units is 1.8%  
16 where rent levels stretch into the-high into the  
17 stratosphere, and where the exclusion of Section 8  
18 tenants remains an informal but understood rule.

19           The Fifth Objection: The proposed rule  
20 assumes one size fits all, and that mobility is right  
21 for everyone. The research—the research tells us  
22 that mobility delivers lifelong benefits to families  
23 with children who grow up in better neighborhoods  
24 with better schools. Children do indeed benefit from  
25 mobility, but what about senior citizens? Far from

2 improving their lives, forcing senior citizens out of  
3 their homes can induce the kind of trauma that causes  
4 depression, despair and death. Mobility can be a  
5 benefit to children, but a detriment to seniors. So  
6 you've heard my opinion. Today, we're going to hear  
7 the perspectives of NYCHA and HPD, residents and  
8 advocates and, of course, elected officials. As a  
9 reminder, for those of you testifying today, please  
10 be sure to fill out a card with the sergeant, and  
11 with that said, I'm going to turn over the mic to  
12 Council Member Williams, who will make an opening  
13 statement.

14 COUNCIL MEMBER WILLIAMS: Thank you,  
15 Chair Torres. I'm proud to be here with you. I just  
16 want to thank you for your leadership on this issue.  
17 I'm also proud to be a co-prime sponsor of Resolution  
18 1231 of 2016, which will call on the U.S. Department  
19 of Housing and Urban Development to exclude New York  
20 City and other cities with a housing vacancy rate  
21 below 5% from the proposed rule of Small Area Fair  
22 Market Rents. New York City is in the middle of an  
23 unprecedented affordable housing crisis, and  
24 unprecedented levels of homelessness. It is  
25 imperative that all of us from the administration to

2 the councilmen do everything we can to keep people in  
3 their homes, and where we can build housing that also  
4 maintains the character of the our neighborhoods. The  
5 proposed HUD regulations related to Section 8 are  
6 troubling to say the least. By requiring cities like  
7 New York City to set Fair Market Rents at zip code  
8 level, an additional approximately 55,000 vouchers  
9 holders who live in zip codes where their FMR and  
10 subsidy will decrease will only add to their rent  
11 burdens, not reducing it. Simply put, it will be  
12 extremely challenging for them to find housing. In  
13 other words, if these rules go forth, they will be  
14 devastating for the housing market. That is not an  
15 exaggeration. We sometimes hear these words, but a  
16 little will be devastating for the housing market,  
17 and substantially increase homelessness. I think HUD  
18 here had the right intentions. Having been in the  
19 housing world before here, very often we are  
20 specifically asked to address the discrepancies that  
21 exist in how these things are set because New York  
22 City's markets are different. And it looks like they  
23 attempted to do that, and their attempt if it goes  
24 through will be—the cure here will be much, much,  
25 much worse than the problem. I think New York City

2 is not trying to pretend its some super special city  
3 but I hope that HUD will listen to us. From top to  
4 bottom in this city everyone from every spectrum of  
5 the political environment is telling HUD how  
6 devastating this would be, and so I hope they allow  
7 us the exemption that is needed to keep our market at  
8 least somewhat stable, and I strongly believe that  
9 New York City should be exempted. With that, I just  
10 want to thank the Chair again, and hopefully HUD is  
11 listening.

12 CHAIRPERSON TORRES: Thank you. With  
13 that said, I'd love to call up the first panel. We  
14 have representing Congress Member Nydia Velazquez,  
15 Iris Quinones; Assembly Member Brian Kavanagh and  
16 Ellen Davidson from the Legal Aid Society. [pause,  
17 background comments.] And there's been no greater  
18 champion of New York City on matters of public  
19 housing than Nydia Velazquez. So I would love to  
20 start with a representative from the Congresswoman  
21 so- [pause]

22 LEGAL COUNSEL: Hi. Excuse me. Can you  
23 all please all raise your right hand. Do you swear  
24 or affirm to tell the truth, the whole truth and  
25 nothing but the truth?

2 PANEL MEMBERS: [off mic] Yes.

3 LEGAL COUNSEL: Thank you.

4 IRIS QUINONES: Right now. Yes. Good  
5 afternoon. Dear members of the committee, thank you  
6 for providing me the opportunity to submit comments  
7 on the U.S. Department of Housing and Urban  
8 Developments. Proposed Rule on the use of Small Area  
9 Fair Market Rents, HUD's proposed rule seeks to use  
10 the Small Area Market Rents in New York City, and  
11 other select metropolitan areas to provide tenants  
12 with more effective means to move into neighborhoods  
13 of higher opportunity. Under the proposal, the  
14 department would calculate Fair Market Rents by zip  
15 code, instead of calculating them as a single  
16 metropolitan area FMR in order to more accurately  
17 reflect housing submarkets within a metropolitan  
18 region. By calculating FMRs by zip code, HUD hopes  
19 to-to-no, HUD hopes that the small area FMRs with  
20 full housing chosen by tenants and families with  
21 subsidy adequate enough to make higher opportunity  
22 neighborhoods more accessible. While I appreciate  
23 HUD's desire to encourage and enhance outcomes and  
24 opportunities for housing choice voucher tenants and  
25 families, the proposed rule as it applies to New York

2 City is currently unworkable and must be changed.  
3 More than 55,000 housing voucher holders in New York  
4 City will see their subsidy decrease because of the  
5 proposal. In my congressional district more than  
6 2,700 renters will be impacted. Many of them seeing  
7 the rent burdens rise more than \$200 per month.  
8 Individuals and families facing the increasing the  
9 monthly rent on a system payment will either be  
10 forced to move to a higher income neighborhood where  
11 no vacancy exists due to the city's extremely low  
12 vacancy rate, which currently stands at 3.45%  
13 renegotiated with the landlord for a lower rent or  
14 assuming significantly higher rent burden just to say  
15 in their homes. Due to the devastating impact this  
16 proposal will have in our city, I continue to lead  
17 the effort on behalf of the City's Congressional  
18 Delegation to exempt New York City from the proposal.  
19 In August, Senator Schumer and I wrote—I wrote to  
20 HUD' Secretary Julian Castro warning the Secretary of  
21 the proposal's impact on housing choice voucher  
22 tenants and families in New York City. While neither  
23 Senator Schumer nor I have received a response, I  
24 will continue stressing to HUD's representatives the  
25 need to exempt New York City, most recently, at a

2 Congressional hearing on September 21<sup>st</sup>. I thank you  
3 the Public Housing Committee for holding this  
4 oversight hearing, and support the resolution that  
5 will be discussed this afternoon. The adoption of  
6 this resolution by the City Council will continue to  
7 compel HUD to exclude New York City and other cities  
8 with the a housing vacancy rate below 5% from the  
9 proposal. I thank you Council Member Torres for  
10 introducing this legislation, and I urge its speedy  
11 adoption. Thank you.

12 CHAIRPERSON TORRES: Thank you so much,  
13 and give the—this—the Congresswoman our gratitude for  
14 everything she's done for New York City. Assembly  
15 Member Brian Kavanagh.

16 BRIAN KAVANAGH: So I—I submitted—there's  
17 a written copy of my testimony that all of you should  
18 have. I think if—with the indulgence of the Chair,  
19 I'll just summarize and make a few points. First of  
20 all, I'd like to begin by thanking the Chair and the  
21 committee for your leadership on this, and for  
22 bringing this forth as a formal resolution. There  
23 have been a lot of I think strong expressions of  
24 concern at the local level on this issue, but I think  
25 it's important that the Council speak as a whole on

2 this. So, it's-it's terrific that you're bringing  
3 for this resolution today. I'd also like to thank  
4 Nydia Velazquez who I have the honor of representing  
5 some constituents with, and has been a tremendous  
6 leader on-on so many issues including all the public  
7 housing issues that we work on sometimes, and-and on  
8 this issue. And I also-I-I just would note that  
9 first of all I am testifying today, officially  
10 testifying jointly with Senator Daniel Squadron who  
11 can't be here today, but we prepared our testimony  
12 jointly, and-and it's submitted in that manner as  
13 well. We-we circulated a letter a few weeks ago that  
14 Borough President Brewer and I and-and many of you  
15 that include 53 state and city elected officials  
16 joining the call to-to exempt New York City from  
17 this, and-- So, I'd just like to acknowledge their  
18 work as well, and particularly Council Member Brewer.  
19 It is where that you have this broad a consensus  
20 among elected officials, and advocates and  
21 policymakers and the Executive branch here in our  
22 city that something proposed, you know, presumably in  
23 good faith, and with good intentions is so wrong for  
24 our city. But I think the Small Area far-Fair  
25 Market Rent rule certainly fits that-that bill.



2 Many—it's ironic because many of us for a long time  
3 have thought that a met—a single metropolitan area  
4 Fair Market Rent is too blunt an instrument for  
5 determining how you're going to spend scarce  
6 affordable housing dollars in our city, and I  
7 continue to think that. So I think that as we go  
8 forward with this, I don't think the message should—  
9 to HUD or anybody else should be that, you know, the  
10 system is not broken so you shouldn't fix it. We do  
11 need to figure out a way to reflect the—the fact that  
12 some of our costs are on the small area, (sic) and  
13 they have much higher costs. Therefore, it ought to  
14 be able to—we ought to be able to spend more in  
15 certain areas to—to make sure that people can live  
16 there affordably, but as—as already been articulated  
17 by the Chair, this rule for a variety of reasons does  
18 not fit the bill. As the Chair noted, dividing it by  
19 every single zip code and having a different payment  
20 standard for each zip code would be a tremendous  
21 challenge for administering the thing, be a  
22 tremendous—tremendous challenge for tenants or trying  
23 to find—to use vouchers, and would a tremendous  
24 challenge for people who have to administer the  
25 program.

2 I just want to—I want to just use, you  
3 now, the sort of apps—the—the general problem here  
4 has been articulated here pretty well. I just think  
5 it's worth putting a specific example on the table  
6 because I think my district provides a particularly  
7 good one. The map behind the Chair is color coded  
8 based on whether the—the rent—the Fair Market Rent—  
9 the payment standard would increase or decrease and,  
10 of course, the red are places where it would decrease  
11 and the blue are places where it would increase. So  
12 the little red segment of Manhattan is 10002 to  
13 represent part of it, and right north of that  
14 basically north of Houston Street is 10009. In those  
15 two respective zip codes, which are very similar  
16 neighborhoods often considered one common  
17 neighborhood called the Lower East Side, and—and many  
18 other similar areas, but the same school district.  
19 They have similar levels of crime and some of the  
20 other indicators that HUD bases its program on, and  
21 they are both areas that have been under enormous  
22 economic pressure because they have become  
23 increasingly desirable for many people to move into.  
24 And yet, this rule proposed by HUD would treat them  
25 radically differently. It would decrease the amount

2 of the payment standard in 10002 by \$387 a month, and  
3 it would increase it in 10009 just across the street  
4 by \$333 a month such that in one 10002, the payment  
5 standard would be \$1,250 a month and in 10009 just  
6 across Houston Street it would be \$1,970 a month.  
7 This would be a tremendous disservice to people who  
8 live in 10002 because as anyone who's looked at this  
9 housing market knows, finding an apartment in that  
10 range of \$1,250, these—and by the way, the number is  
11 going to be the same as a 2-bedroom apartment  
12 standard. It's just—it's just—it's a wildly  
13 unrealistic number for that area and yet, the in—the  
14 impetus here is try to move people out of that  
15 neighborhood and move them to a neighborhood again  
16 just across Houston Street that is equally difficult  
17 to move into. That has very low rates of vacancy, and  
18 even with that higher number it is unlikely some-  
19 somebody is going to be able to move. So, I think—I  
20 think that those two zip codes particularly  
21 demonstrate what is—what is the larger problem across  
22 the city. The numbers in the—in most of the zip  
23 codes where they're lowering the standard bring it to  
24 a level where it's going to be hard for anybody to  
25 continue to rent in there, and the numbers that are

2 higher are often not going to be enough to move  
3 somebody into-into that community. Even if that  
4 number was the-even if the number of the higher area  
5 is correct, of course, the per-the proposal here is  
6 basically to pay for mobility into the higher areas  
7 by saving money in the lower zip code in the lower  
8 rent zip codes, the so-called lower opportunity  
9 areas. I just want to note that there has been  
10 proposals as objections to this program have mounted.  
11 There has been this program to solve the problem  
12 just-just by grandfathering in people in existing  
13 Section 8 apartments so that nobody would be  
14 displaced, and that's been a-that's been something  
15 that has been proposed at the congressional level  
16 that would give localities the option of doing that.  
17 I just want to note that this is not an easy problem  
18 to fix within the structure that-that the SAFMR rule  
19 has been proposed. The-the whole focus of the  
20 program is to-is to move funds from lower opportunity  
21 areas to higher opportunity areas. If nobody moves,  
22 if none of the existing tenants move, if you  
23 grandfather in the existing tenants, you basically  
24 don't get dollars to fund higher vouchers in higher  
25 cost areas in-in the so-called high opportunity

2 areas. Without that, you are either—you're  
3 basically—if you—if you ended up funding new vouchers  
4 in higher income areas, if you give—if you give  
5 people a \$1,970 payment standard voucher to move into  
6 on 10009 and only a \$1,250 payment standard to move  
7 into 10002, it stands to reason that people are going  
8 to take the \$1,970 payment standard rather than the  
9 \$1,250. But it's—it's coming out of the same pot of  
10 money for Section 8. There's no proposal to increase  
11 the funding in order to increase the ability to live  
12 in higher areas. So, effectively what you'd be doing  
13 with our—with our various guest (sic) vouchers is  
14 eliminating many of the vouchers concentrating in  
15 fewer people's hands. You don't get more mill—more—  
16 more mobility by giving many fewer vouchers to  
17 tenants many of whom have been waiting for a long  
18 time to have them. The—I think that—I think I will,  
19 you know, I know this—you have a long hearing ahead  
20 of you, and I—I think I'll stop there. Again, I  
21 great—I support the resolution before you today, and  
22 I, you know, join you in urging HUD to—to—to exempt  
23 New York City, and—and I'm—I'm not sure which other  
24 cities would be affected by that 5% rule budget, but  
25 since—since high—very low rates of vacancy are the

2 core of the problem here, I would suspect that that  
3 would be a beneficial add-on for other cities for  
4 them to consider this for other cities as well.

5 Thank you.

6 CHAIRPERSON TORRES: Thank you Assembly  
7 Member for your testimony. We have Ellen Davidson  
8 from the Legal Aid Society.

9 ELLEN DAVIDSON: Thank you. I want to  
10 also thank this committee, and under the leadership  
11 of Chairman Torres I want to thank Chair of the  
12 Housing and Buildings Committee Williams for co-  
13 sponsoring this resolution, and thank you for holding  
14 this hearing on this incredibly important issue. It-  
15 I will say on a personal level it is one that has  
16 kept me up many sleepless nights over the summer when  
17 I first came to understand what this proposal was,  
18 and what it could mean for the clients of the Legal  
19 Aid Society.

20 In August, the Legal Aid Society along  
21 with the Community Service Society and the New York  
22 Housing Conference, New York Housing Conference  
23 submitted comments that were signed onto and endorsed  
24 by 47 housing groups across the city. I've been  
25 doing this for quite some time. I can't think of

2 another issue that brought together tenant groups and  
3 landlord groups who all spoke with one voice about  
4 their concerns about a rule that would harm both  
5 tenants and frankly landlords. So, we strongly  
6 support Resolution 1231, and—and I will say that we  
7 strongly support the idea that HUD has of—of finding  
8 a way to increase mobility for tenants who want to  
9 move from neighborhoods of low opportunity to high  
10 opportunity. The entire [banging door] purpose of  
11 the program—the program is called the Housing Choice  
12 Voucher Program, and it is—there's a dual purpose of  
13 this program. One is to give tenants choice of  
14 mobility, and the other is to increase mobility for  
15 low-income tenants, and in the city that we have  
16 where almost 30% of renter families pay 50% of their  
17 income towards their rent, having a Section 8 voucher  
18 when your rent is set at 30% of your income is  
19 incredibly valuable. But now we have this proposed  
20 rule, and what this proposed rule would do is it  
21 would give tenants a choice. They either need to  
22 move out of their homes or stay. If they choose to  
23 stay, they may see their rents raised—be increased by  
24 hundreds of dollars a month. Where that money is  
25 going to come from, I don't know, but they're going

2 to struggle to stay in their homes. Probably fail,  
3 be evicted and end up homeless shelters because  
4 they'll lose—once they're evicted they'll lose their  
5 Section 8, or they could take their Section 8 voucher  
6 and do what the HUD seems to be encouraging them to  
7 do and move. Now, in the high opportunity  
8 neighborhoods the rents will be increased by a  
9 significant amount, but knowing New York's markets as  
10 we do, not enough. I mean the amounts that they have  
11 for people to move into Battery Park City, which is  
12 one of the neighborhoods that HUD would like to see  
13 my clients move into. It won't even begin to touch  
14 what—what—what rents really are. And so those  
15 tenants will have a certain amount of period because  
16 these—these are HUD rules, not our city's rules but  
17 HUD rules. They'll have a certain amount of—amount  
18 of time to try to lease up, and if they aren't able  
19 to lease up, they will lose their voucher. They now  
20 have no apartment, and no voucher, and become  
21 homeless. So that's—that's what we're talking about  
22 when we're talking about these choices, and, you  
23 know, as I said, a Housing Choice Voucher it really  
24 ought to be the tenant's choice, not HUD's choice  
25 about whether tenants want to move or not. But when



2 I started looking at this rule and started looking at  
3 the rents that they've—they've laid out for us, what  
4 rents would be in—in this new—under this new rule, I  
5 was pretty surprised because it became very clear  
6 that HUD has completely misunderstood New York City's  
7 markets. I mean we talk about 10002. Well how about  
8 Harlem? These are neighborhoods that we all know  
9 gentrified years ago. If low-income tenants still  
10 live in those neighborhoods, it's because they live  
11 in public housing, they live in subsidized housing or  
12 they have a Section 8 voucher. And these are  
13 formerly low-income neighborhoods that used to have—  
14 be predominantly—well, Harlem used to be  
15 predominantly African-American. The Lower East Side  
16 used to have a very strong Latino presence, but these  
17 neighborhoods have become increasingly high income.  
18 White people have moved into these neighborhoods, and  
19 basically what HUD is saying to the people who are  
20 struggling to remain in their homes that—that they've  
21 lived in for decades these neighborhoods aren't good  
22 enough. You need to move, which is a terrible  
23 message. If you want people—you know, you have  
24 neighborhoods that have had increased amenities.  
25 Money has been poured into these neighborhoods, and—

2 and—and—and now these tenants are not going to—who  
3 have stayed in the neighborhoods through bad times  
4 won't be able to take advantage of all the new money  
5 that has moved into these neighborhoods and changed.  
6 Additionally, if you want to talk, as HUD does, about  
7 neighborhoods of opportunity and if you want to talk  
8 about that as being neighborhoods with low crime  
9 rates, and good education, if you look at South  
10 Brooklyn and neighborhoods like Bensonhurst would  
11 seem to be a neighborhood that—that HUD might target  
12 to have—encourage people to move into it, fits its  
13 bill, [banging door] it's a neighborhood with very  
14 good schools. It's a neighborhood with very low  
15 crime rates, and yet the tenants who live in that  
16 neighborhood who have seen their rents increased by  
17 hundreds of dollars a month. So—so we have that  
18 problem, right? That just our gentrifying  
19 neighborhoods Crown Heights, Bushwick all of  
20 Williamsburg, all of those neighborhoods they seem to  
21 think are bad neighborhoods and are trying to  
22 encourage tenants to move out. If you just look at  
23 the Bronx, there are almost 50,000 Bronx voucher  
24 holders, 31,000 of them would be forced to move or  
25 see rent increases. And I did an analysis of how

2 many apartments were available for the rents that  
3 they would give in the—in the entire Bronx, and for  
4 those 31,000 families I found 960 apartments  
5 available. [bell] You know, when we talk about low  
6 vacancy rates, just to put it in context, we have two  
7 million rental units in the city, a vacancy rate of  
8 3.45% means that at the time the survey was taken,  
9 75,000 vacant apartments were for rental. If you  
10 have 56,000 voucher families who are being asked to  
11 move, you're assuming they're going to get that  
12 75,000 available apartments. And I—we agree that the  
13 Cheddy (sp?) that shows that if families with  
14 children under the age of 13 move, they see an, you  
15 know, increased—they see better outcomes in their  
16 life, and we support that. But there's also been an  
17 immense amount of research that shows that housing  
18 stability provides an immense benefit to children.  
19 That children with instability have worse outcomes in  
20 school. Have worse outcomes with nutrition, and  
21 that's not even talking about the families that the  
22 Cheddy—the Cheddy research, which is the research  
23 that this rule is—is—is—is based on, now you're not  
24 talking about the families that saw no better  
25 outcomes from—from the housing mobility proposed.

2 The housing's elderly households, disabled households  
3 in which there is also immense amounts of research  
4 that show that housing stability provides better  
5 outcomes for these families. The Community Service  
6 Society did a—did an analysis that showed that the  
7 average—the median tenure of voucher families in New  
8 York City is ten years. So, I mean so moving would  
9 obviously cause an immense amount of instability for  
10 these families. And lastly, I just want to say a  
11 note of what this rule would do to our rent  
12 stabilized stock. As many of you know, when you're  
13 in a rent stabilized apartment and the tenant moves,  
14 the landlord is allowed to take an immense amount of  
15 increases often making that formerly affordable  
16 housing unaffordable. Many, many of these tenants—  
17 and these—and these voucher tenants who would be  
18 asked to move live in rent stabilized housing. So  
19 not only would we have tens of thousands of people  
20 who are moving and facing their own instability, but  
21 we as a city will have lost this stable form of  
22 housing, affordable housing, which is a very precious  
23 resource. So, for all those reasons, I mean my  
24 testimony is—is fairly long so I go into some other  
25 issues. I want to say how pleased I am to be here to

2 testify, and be on the same side as some of the  
3 entities that sometimes are not on the same side of,  
4 but I think we all speak with one voice on this  
5 issue. And so, thank you so much for bringing this  
6 important issue into the public. We strongly support  
7 the resolution. Thank you.

8 CHAIRPERSON TORRES: Thank you so much,  
9 and we've been joined by Council Member Donovan  
10 Richards, Council Member Rafael Salamanca and Council  
11 Member Vanessa Gibson, and I—I have one question  
12 before we proceed to the next panel. You know, you—  
13 you mentioned earlier that it's know as the Housing  
14 Choice Voucher, and at some level it presents the  
15 illusion of choice because vacancy rate, the  
16 stratosphere of rent levels, source of income  
17 discrimination conspire against actual choice. And  
18 even though small area Fair Market Rents is on is on  
19 the will-call (sic) in New York, the problem that HUD  
20 seeks to address is real. And so in the absence of  
21 small area FMRs, what can we do as a city and as a  
22 state to address the concerns, the rightful concerns  
23 that HUD has about racially concentrated poverty in—  
24 in New York City?

2 ELLEN DAVIDSON: I think—I agree that  
3 those are incredibly important issues, and it is—from  
4 my conversations with the city, with New York City  
5 Housing Authority, with the Department of Housing  
6 Preservation and Development they are—they are having  
7 some very serious conversations about other options  
8 there are to think about ways of providing families  
9 who want to move the actual opportunity to move. So  
10 I would actually defer that question to them because  
11 I know that they've been coming up with some creative  
12 ideas and ways forward that would allow us to address  
13 HUD's very valid concern, but would not cause the  
14 devastation that this potential could do.

15 BRIAN KAVANAGH: I mean I would just note  
16 that if it were a really high priority to move people  
17 into certain neighborhoods or to—or to have new  
18 voucher takers take to neighborhoods, it would  
19 probably require substantially more money almost by  
20 definition. I mean the—the—especially the way  
21 they're defining high opportunity as, you know, the  
22 current rent levels in those neighborhoods. So by  
23 definition if you want to move—if you want—if you  
24 want the—if you want to shift over time the  
25 recipients of this program and it's an enormous

2 program and enormous even relative to many other  
3 cities and—and a substantial section of all our  
4 rental housing in Section 8 at this point. So if you  
5 wanted to move, if you want—if you want to just shift  
6 that balance, you would need to—you need to spend  
7 more money, and people would have to decide whether  
8 that design—whether that goal, which I think we would  
9 agree is desirable is—how it stacks up relative to,  
10 you know, using that money to produce a higher—a  
11 greater amount of housing. And I would say that, you  
12 know, again an opportunity, neighborhood opportunity  
13 is not something that that's easy to measure as—as I  
14 think some of Ellen's—some of Ellen's comments.  
15 Neighborhoods that maybe people don't think of us  
16 like, you know, hot neighborhoods or—or really, you  
17 know, trendy neighborhoods are often very good solid,  
18 stable neighborhoods to—to families raised in. And  
19 they might be—they might be lower rent, but they  
20 might be safe and affordable and—and—and good places.  
21 And then, you know, as—as Ellen also noted, you got a  
22 neighborhood like—like mine where the, you know, the  
23 zip code level rent doesn't reflect what's going on  
24 at all. And just more generally, I mean we—we—we  
25 need to continue to make sure that our housing

2 programs are allowing people to live in conditions  
3 that don't perpetuate poverty. So the work that  
4 you've done, Mr. Chair, and a lot of members of this  
5 committee, and we've done to try to make sure that--  
6 that the Housing Authority is--managing its property  
7 in a way that makes those people--those places good  
8 stable places to live. And as we expand, you know,  
9 we've got \$2 billion that we put aside in the State  
10 Budget, and we're still trying to figure out how to  
11 spend it, and some negotiations that are going on up  
12 there. But making sure that as we build, we're  
13 building in places that we're building to maximize  
14 affordability especially at lower levels, and that  
15 those properties are integrated into--into places  
16 where, you know, we want to encourage people to live.

17 CHAIRPERSON TORRES: Thank you for your  
18 testimony. We will call the next panel. Okay, would  
19 you please. Council Member Williams have a few  
20 questions.

21 COUNCIL MEMBER WILLIAMS: Thank you. I  
22 just want to piggyback on that because it seems, you  
23 know, we've been asking HUD to address some of these  
24 discrepancies for--for a while. So is the only  
25 solution you think additional money? Is there other--



2 other ways that we can do it to make sure that it's  
3 more reflective of what's actually happening?

4 ELLEN DAVIDSON: Again, I think this is  
5 something that would be better addressed to the city,  
6 but I know that in some jurisdictions they have  
7 worked with something called exception rents where  
8 they could increase the rents in certain  
9 neighborhoods. I mean the issue here is you're going  
10 to find some families who want to move, but there are  
11 not going to be as many as HUD would like because for  
12 some people there are reasons why they want to stay  
13 in their homes and their communities. And if you  
14 look at the—if you look at the data that came out of  
15 Dallas, which is where they've done this experiment  
16 most fully, the vast majority of people moved to  
17 marginally better neighborhoods, but there was a very  
18 small percentage who actually got a great advantage.  
19 They got mobility counseling, and were able to move  
20 into much better neighborhoods. And so if we can  
21 find a way to allow those families who—who—who—who do  
22 want to by coming up with neighborhoods that perhaps  
23 we could do some exception rent—payment rents, and—  
24 and find—and figuring out some ways of—of providing  
25 services that would help families move that wanted to

2 move. I think that might make sense, but frankly we  
3 need more money for the program. I don't know that  
4 in this environment we're going to get it, but we  
5 need more money for the program, and we also need  
6 more money to do mobility counseling. It's—I  
7 understand that Westchester has been doing mobility  
8 counseling because of lawsuit for years. It is a  
9 program that can—that—that it is very intensive both  
10 in terms of money and time. It costs a lot of money.  
11 It—it takes a lot of time. For the families that are  
12 successful they have great successes, but it's a  
13 small amount of families.

14 COUNCIL MEMBER WILLIAMS: Did—were any of  
15 you able to see any of the comments that it looks  
16 like you mentioned HPD did on the proposed rules?  
17 Because there were two in particular I just wanted to  
18 get your comments on if you had—had vetted it? Were  
19 you able to read any of that?

20 ELLEN DAVIDSON: Yes.

21 COUNCIL MEMBER WILLIAMS: So they had two  
22 suggestions about it just recommends that HUD modify  
23 its definition to exclude qualified census tract that  
24 follow from public use micro data area that is  
25 experiencing significant rent increases, and the

2 other one was--addressed the problem by--they just  
3 recommend that the formula for setting SAFMR at a zip  
4 code level including measuring with the Council  
5 recent rent--rent trends in the neighborhood. I  
6 wonder if you have a comment on that, and how would  
7 you actually--what--do you have any idea what the  
8 measure would be to account for recent rent trends?

9 ELLEN DAVIDSON: Right, and it's--so part  
10 of the problem is that the data that--that HUD is  
11 using is the American Community Survey Data, which  
12 has a time lock. And so, HPD, which has an immense  
13 policy research arm, noted that--and I thought this  
14 was--was wonderful--that if actually got to the  
15 granular data without the time lag, you could start  
16 seeing the trends of gentrification and rents earlier  
17 than you are able to in the ACS Survey. And so they  
18 were suggesting that if they--if--if HUD were to  
19 actually use the data we have--

20 COUNCIL MEMBER WILLIAMS: [interposing]  
21 But you think they use it better what HPD has?

22 ELLEN DAVIDSON: I think it's HPD that  
23 has it, but again, I think this is a question--I--I  
24 strongly support what they say.

2 COUNCIL MEMBER WILLIAMS: [interposing]

3 Could--

4 ELLEN DAVIDSON: I think it's a--it was a--  
5 it created a pursuant to the rule, and their New York  
6 BICs. (sic)

7 COUNCIL MEMBER WILLIAMS: Thank you.

8 CHAIRPERSON TORRES: Actually, I have one  
9 quick question. Really, do you think the city is  
10 doing enough to promote fair housing in your--in your  
11 opinion? [pause]

12 ELLEN DAVIDSON: Do I think the City is  
13 doing--I think with the resources the City has been  
14 given to promote fair housing with the federal money,  
15 I think they're--they're doing okay, but I don't think  
16 that it's--it's not clear to me that they have been,  
17 you know, they have not been given the resources.  
18 You know, they have public housing program that has  
19 not been fully funded for years. The voucher program  
20 is--because our rents have been increasing, and the--  
21 and the and the money to pay for those rents has not  
22 kept up with it, I--I think that--I think it would be  
23 great if there was a source of money that would allow  
24 us to do fair housing as we ought to.

2 CHAIRPERSON TORRES: Assemblyman

3 Kavanagh, do you have an opinion on whether the City  
4 has done enough to promote fair housing, making  
5 optimal use of existing resources to promote fair  
6 housing?

7 BRIAN KAVANAGH: I guess I would—I guess  
8 I would say you can always do more. I think I—and  
9 I'm not—yeah, I don't—I don't have a—I don't have a  
10 well formed opinion about exactly how those resources  
11 are being used. We obviously do continue to have  
12 discrimination, and we continue to have, you know,  
13 concentrations that are undesirable, but I—I don't  
14 want to fault the city's efforts particularly.

15 CHAIRPERSON TORRES: Thank you so much  
16 for your testimony. The next panel will consist of  
17 the Administration. We have the Executive Vice  
18 President for Leased Housing, Cathy Pennington, and  
19 we have Eva Trimble from HPD. Go ahead.

20 LEGAL COUNSEL: Hi, can you please raise  
21 your right hands. Do you swear or affirm to tell the  
22 truth, the whole truth and nothing but the truth  
23 today?

24 PANEL MEMBERS: [off mic] Yes.

25 LEGAL COUNSEL: Thank you.

2 CHAIRPERSON TORRES: Okay, you may  
3 proceed. Thank you.

4 CATHY PENNINGTON: [off mic] Thank you for  
5 that and asking me to testify today. I am Cathy  
6 Pennington, and I am the Executive Vice [on mic]  
7 President—

8 MALE SPEAKER: I think he's coming.

9 CHAIRPERSON TORRES: [interposing] Do we  
10 need time to set up the Power Point or—? (sic)

11 MALE SPEAKER: We do.

12 CHAIRPERSON TORRES: Okay, so we should  
13 wait a bit.

14 CATHY PENNINGTON: Okay. That was just  
15 a warm up.

16 CHAIRPERSON TORRES: But this—this is a  
17 historic hearing because I don't believe there's ever  
18 been an issue in which NYCHA, the Public Housing  
19 Committee, RSA, the tenants. I mean we're all in  
20 agreement, and so—

21 ELLEN DAVIDSON: And Legal Aid. [laughs]

22 CHAIRPERSON TORRES: Legal Aid, okay. So  
23 this should be a painless hearing.

24 CATHY PENNINGTON: Good to know. [pause]

2 CHAIRPERSON TORRES: So I heard you can  
3 get an apartment from Chel—in Chelsea for \$2,000. I  
4 mean that's pretty—

5 CATHY PENNINGTON: The four of them.  
6 (sic) [pause] [banging door] With IT guy here.  
7 [pause]

8 MALE SPEAKER: [off mic] That start is  
9 crazy. (sic)

10 CATHY PENNINGTON: I feel no pain.  
11 [laughter]

12 EVA TRIMBLE: I feel the pain. [laughter]  
13 [banging door, pause] [background comments, pause]

14 CHAIRPERSON TORRES: So I'll wait a few  
15 more minutes, but how essential is the Power Point  
16 Presentation to your testifying?

17 CATHY PENNINGTON: Pardon me?

18 CHAIRPERSON TORRES: How—how essential is  
19 the Power Point presentation to your testimony here?

20 CATHY PENNINGTON: We can certainly  
21 proceed without it.

22 CHAIRPERSON TORRES: Okay, let's proceed.

23 CATHY PENNINGTON: Amira Hart Cathy—(sic)

24 CHAIRPERSON TORRES: Okay.  
25

2 CATHY PENNINGTON: --they're distributed.  
3 Chair Ritchie Torres and members of the Committee on  
4 Public Housing and other distinguished members of the  
5 City Council. Good afternoon. I'm Cathy Pennington,  
6 NYCHA's Executive Vice President for Leased Housing.  
7 Joining me today is Eva Trimble, Deputy Commissioner  
8 for Financial Management and Tenant Resources at the  
9 New York City Department of Housing Preservation and  
10 Development. Chair Torres, thank you for the  
11 opportunity for us to comment on HUD's proposed rule  
12 to establish Small Area Fair Market Rent known as  
13 SAFMRs. This HUD policy could negatively affect  
14 thousands of New Yorkers, and we appreciate your  
15 leadership on this issue. The Federal Housing Choice  
16 Voucher Program or Section 8 helps very low-income  
17 families afford space, decent housing in the private  
18 market. Section 8 Vouchers are funded by the federal  
19 government and administered by local housing  
20 authorities and agencies. NYCHA and HPD together  
21 with the State of New York administer the largest  
22 Section 8 program in the country with over 120,000  
23 vouchers in New York City. Hundreds of thousands of  
24 New Yorkers have stable housing and a pathway to  
25 opportunity thanks to the Section 8 Rental



2 Assistance. These families are among the city's most  
3 vulnerable and neediest. About half of the voucher  
4 holders are elderly or disabled, and most earn less  
5 than 30% of the area median income. The average  
6 household income for our voucher holders is just  
7 \$15,803. About three-quarters of NYCHA's Section 8  
8 recipients live in the Bronx and Brooklyn. Section 8  
9 voucher holders find and select housing that meets  
10 the program requirement. They 30% of their household  
11 income towards rent and the housing agency pays the  
12 rest up to a maximum amount known as the Voucher  
13 Payment Standard, which is based on Fair Market Rents  
14 in-in this area. HUD establishes Fair Market Rents  
15 for cities across the nation. In New York City, the  
16 HUD determined 2016 Fair Market Rent for a two-  
17 bedroom apartment is \$1,571. For example, a family  
18 renting a two-bedroom in New York for \$1,500 a month  
19 pays 30% of their monthly household income, let's  
20 \$300, and the housing agency makes up the difference  
21 with a subsidy of \$1,200. If the FMR decreases, the  
22 housing agency pays less of a subsidy and the voucher  
23 holder is left-left paying a larger share of rent.  
24 HUD has proposed a rule that would mandate the use of  
25 Small Area Fair Market Rent in 31 metropolitan areas

2 including New York City. Instead of metropolitan  
3 wide FMR, the Small Area FMRs would establish 188  
4 different Fair Market Rents for each residential zip  
5 code in New York City. The rule is intended to  
6 provide low-income families with more housing  
7 mobility options. We support this well-intended goal  
8 to open up more neighborhoods and housing choices for  
9 families regardless of their income. However, we  
10 have concerns about the negative impacts Small Area  
11 FMRs would have in low vacancies, high rent cities  
12 like New York. There are serious concerns that the  
13 proposed change would not result in increased  
14 mobility, but would increase the rent burden or in  
15 other words raise the out-of-pocket rent expense for  
16 the majority of New York's Section 8 program  
17 participants. The bottom line is that in New York  
18 City there's nowhere to move to. Our rental vacancy  
19 rate is 3.45%, which means that in a city of more  
20 than eight million, only about 75,000 apartments are  
21 available at any given time. The vacancy rate drops  
22 to 1.8% or 6,658 apartments when you're talking about  
23 affordable units. This makes the search for housing  
24 difficult for any renter, but especially for voucher  
25 holders seeking affordable units. Consider this:

2 Currently, nearly a quarter, 25% of voucher holders  
3 searching for and cannot find an affordable apartment  
4 in New York City each year. It takes as long as a  
5 year for many Section 8 applicants to find housing  
6 because of the low vacancy of the city's affordable  
7 housing stock. If this rule inadvertently narrows  
8 housing choice further, it could take New York City  
9 voucher holders even longer to find an affordable  
10 apartment to rent. Doors would remain closed to low-  
11 income families seeking housing in high rent  
12 neighborhoods because the subsidy even if there were  
13 an increase with the Small Area FMR would simply not  
14 be enough to pen up opportunities in New York City  
15 high rental market. And most concerning is nearly  
16 half of New York City's voucher holders, about 56,000  
17 families would see their share of rent go up, some by  
18 as much as \$400 a month, saddling them with a  
19 possibly unsustainable rent burden. Those impacted  
20 are the ones who need the most assistance. Fifty-two  
21 percent of households who would confront higher rents  
22 include seniors and people with disabilities. For  
23 example, if a Small Area FMR in a certain zip code  
24 lowers the payment standards, you can see on this  
25 slide, to \$1,300 from \$1,500 the family's share of

2 the rent nearly doubles from \$300 to \$500. For some  
3 families \$200 a month can be the difference between  
4 housing security and homelessness. As shown in the  
5 map on Slide 9, Section 8 recipients would face rent  
6 increases in 65% of the city's zip codes including  
7 Bronx, Staten Island, Manhattan and Brooklyn. The  
8 proposed change hits the Bronx the hardest. From  
9 Kings Bridge to High Bridge more than 21,200  
10 households living in nine zip codes in the Bronx  
11 would bear the brunt of these changes. Additionally,  
12 there are a number of neighborhoods across the city  
13 where the proposed Small Area FMR is lower than the  
14 current FMR even though statistics clearly show  
15 rising rents in those areas. In one zip code on the  
16 Lower East Side for example, the Small Area FMR would  
17 be \$1,130, almost \$500 lower than the current  
18 citywide Fair Market Rent of \$1,571. And in East  
19 Harlem, the median monthly rent for available  
20 apartments is over \$2,300 a month, while the proposed  
21 Small Area FMR is just over \$1,000 for a one-bedroom  
22 apartment. With that, I'd like to again introduce my  
23 colleague from HPD Eva Trimble, who will discuss our  
24 recommendations to improve the proposed rule.

2 EVA TRIMBLE: Thank you, Cathy and good  
3 afternoon, Chairs Torres and Williams. HPD  
4 appreciates the opportunity to sit with NYCHA today  
5 and voice our mutual concerns with the impact of  
6 Small Area FMR that would have on New York City, and  
7 share our recommendations with you today. In May,  
8 HUD published the proposed rule that my colleague  
9 discussed and opened it up for a 90-day comment  
10 period. HPD and NYCHA jointly submitted comments  
11 that highlight our concerns about the propose rule  
12 and made recommendations for better ways to address  
13 these challenges. In our comments, we recommended  
14 that HUD make several key changes to the proposed  
15 rule so that it enhances mobility for voucher holders  
16 without negatively impacting current and future  
17 program participants. The formula HUD used to choose  
18 the 31 cities is selected in what they say is the  
19 first round or mandatory Small Area implementation,  
20 did not account for a rental vacancy rate, which we  
21 believe is a crucial area for consideration in the-  
22 with mobility. We recommended excluding metropolitan  
23 areas with rental vacancy rate at below 5% from the  
24 mandatory use of small area. Again, we believe that  
25 cities like New York where—where very few apartments

2 are available for rent at any given time, Small Area  
3 FMR is—would not facilitate mobility. Instead, we  
4 expect that many recipients would struggle to find an  
5 affordable apartment in these high opportunity  
6 neighborhoods with high rents. And reducing the  
7 payment standard and low cost that occurs would not  
8 compel landlords to lower rents. It just means that  
9 voucher holders will struggle to afford the increased  
10 rent. If they can no longer afford to stay in their  
11 homes, landlords can easily replace them with other  
12 New Yorkers who don't have vouchers, but have the  
13 incomes to move in. In addition to adding a vacancy  
14 rate criteria to the Small Area selection formula, we  
15 believe the formula to determine which cities are  
16 subject Small Area using outdated data sources, and  
17 are therefore not sufficiently sensitive to recent  
18 changes in many of our neighborhoods. HUD's intent  
19 was to select public housing authorities that have  
20 high areas of concentration of voucher holders in  
21 low-income areas compared to unassisted market  
22 renters. However, HUD's data does not reflect the  
23 fact that many areas designated as low income have  
24 actually seen rising rents considerably. For  
25 instance, we found that in neighborhoods, which are

2 becoming higher cost, the average Small Area FMR is  
3 only 87% of the current FMR. If HUD were to consider  
4 these changing neighborhoods in the data, then our  
5 voucher concentration would not meet the threshold  
6 required to be included in Small Area FMR  
7 designation. In addition, these data lags mean that  
8 Small Area FMRs do not reflect gentrification trends  
9 and we recommend that the formula account for  
10 neighborhood's increasing rent trends. Our concern  
11 is that reducing Small Area FMR rental subsidies in  
12 these changing neighborhoods will lead to the  
13 displacement of the low-income families who have long  
14 called those neighborhoods their home. As HUD looks  
15 to implement Small Area FMRs, they are considering  
16 the inclusion of Project Based Vouchers under the new  
17 rule, which we strongly opposed. Project Based  
18 Vouchers, or PBVs are rental subsidies that are tied  
19 to the units and are a critical tool for creating and  
20 preserving affordable housing. Key goals of this  
21 administration and NYCHA's long-term strategic plan,  
22 Next Gen NYCHA as well as Housing New York. NYCHA  
23 and HPD administer over 4,700 PBVs currently, and  
24 more than 3,000 are in the pipeline. Across the city  
25 PBVs maintain neighborhood diversity, and give low-

2 income families the opportunity to live in high cost  
3 neighborhoods. They house our most vulnerable  
4 populations often providing supportive housing  
5 subsidies for seniors, veterans, formerly homeless  
6 and people with disabilities. A reduction in rent  
7 subsidies with Small Area FMRs would seriously  
8 challenge the feasibility of many affordable housing,  
9 and preservation initiatives. For example, HPD  
10 recently financed the project that will provide  
11 supportive housing to 90 formerly homeless veterans  
12 in the Fordham Heights neighborhood of the Bronx.  
13 Under the proposed Small Area FMR, this project would  
14 suffer an annual operating shortfall of \$45,000 and a  
15 \$2 million gap in capital funding in its current  
16 Bronx location. And if we wanted to move the same  
17 project to a Small Area FMR to a higher opportunity  
18 neighborhood say Chelsea for instance to take  
19 advantage of higher subsidies, the project would  
20 still come up short. The extremely high acquisition  
21 costs in this neighborhood would not be offset by the  
22 Small Area FMRs, and in this case the project would  
23 still see a financing gap of more than \$23 million,  
24 which the city and other federal funding sources  
25 would be hard pressed to cover. So lastly, we



2 recommended that public housing authorities be less-  
3 use alternative models for achieving these same Small  
4 Area FMR goals of improved mobility for voucher  
5 holders. Much of the research that supports HUD's  
6 emphasis—emphasis on mobility for voucher holders in  
7 higher poverty neighborhoods stems from successful  
8 outcomes for families with young children who see  
9 verifiable benefits when they move to a higher  
10 opportunity neighborhood. However, in New York City,  
11 the majority of our voucher holders are elderly and  
12 disabled without children in their households. Our  
13 analysis shows that broad strategy of Small Area FMR  
14 is unlikely to encourage mobility for these tenants.  
15 However, we do support the intended goals of mobility  
16 and access to higher opportunity neighborhoods as a  
17 choice for families. Local strategies that are  
18 tailored to low vacancy cities like New York may be  
19 more effective. For instance, HPD is exploring two  
20 tools that would work in conjunction to support  
21 mobility. First, HPD is preparing a request to HUD  
22 for an exception payment standard above and beyond  
23 what is currently permitted. This would allow New  
24 York City to offer increased payment standards within  
25 a set geographic area. HPD is also developing a

2 mobility program that targets families who want to  
3 move to higher opportunity neighborhoods. These  
4 strategies are combined to provide greater  
5 flexibility for those who want to take advantage of  
6 the choice in the neighbor—in the Housing Choice  
7 Voucher Program. This effort would be based on a  
8 local definition of higher opportunity neighborhoods  
9 including those that do, in fact, have affordable  
10 housing to them. Thank you. I'll turn it back over  
11 to Cathy now.

12 CATHY PENNINGTON: Thank you, Eva.  
13 Preserving and creating affordable housing and  
14 providing invaluable rental assistance to hundreds of  
15 thousands of New Yorkers is the heart of what we do,  
16 and we wouldn't be able to provide stability and  
17 opportunity for families without the help from our  
18 city and federal partners. While the intention  
19 behind the proposed rules regarding Small Area FMRs,  
20 mobility and opportunity aligns with our mission. We  
21 believe that it can be improved to better serve New  
22 York City's voucher holders. To put it this way, zip  
23 codes are for delivering mail, not defining  
24 neighborhoods. Chair Torres, thank you for bringing  
25 attention to this critical issue. We support the

2 resolution that you introduce with Council Member  
3 Williams, which calls on the exclusion of New York  
4 City and other cities with a vacancy rate below 5%  
5 from the Small Area FMR policy. As leaders in the  
6 effort to keep New York City affordable for everyone,  
7 we must continue to work together. Thank you again,  
8 and we're happy to answer any questions.

9 CHAIRPERSON TORRES: Thank you for your  
10 testimony. I suspect we'll all agree that Section 8  
11 provides housing assistance to some of the poorest  
12 New Yorkers in the city. Is it fair to say that  
13 many, if not most, of the voucher holders in both the  
14 NYCHA and HPD Section 8 program could become homeless  
15 as a result of the new rule or the proposed rule were  
16 it to go into effect?

17 CATHY PENNINGTON: I think the proposal  
18 could seriously jeopardize fair housing stability and  
19 I don't an average-average household income of  
20 \$15,000 leaves very much room for the types of rent  
21 burdens that we have forecast in this model.

22 CHAIRPERSON TORRES: \$15,000 is the  
23 average for both programs or only NYCHA?

24 CATHY PENNINGTON: I'm speaking of the  
25 NYCHA average.

2 CHAIRPERSON TORRES: And what's the  
3 average for HPD?

4 CHAIRPERSON TORRES: I have that here.  
5 [pause] It's very close. It's \$16,244.

6 CHAIRPERSON TORRES: \$16,000 and the  
7 number of households affected could be how many?

8 CATHY PENNINGTON: 50,000.

9 EVA TRIMBLE: 50,000.

10 CHAIRPERSON TORRES: Do we know how many  
11 people? I suspect it's hundreds of thousands of  
12 people. Do we have exact number?

13 CATHY PENNINGTON: It would be—the  
14 average household is around 2.5 so—

15 EVA TRIMBLE: [interposing] Yep.

16 CATHY PENNINGTON: --it's over 100,000  
17 individuals would be affected.

18 CHAIRPERSON TORRES: Do you believe the  
19 Section 8 program is fulfilling its mission of  
20 provider greater choice? And if not, just describe  
21 some of the structural barriers to choice in New York  
22 City.

23 CATHY PENNINGTON: [off mic] Can you do  
24 that?

2           EVA TRIMBLE: Yes. I think it's—I think  
3 it's hard to say whether it's provide—whether it's  
4 fulfilling its promise of choice. Tenants are  
5 choosing to live. We—we don't necessarily have data  
6 on where tenants want—want to live verse where they  
7 are ending up, leasing up. I think that the—there is  
8 a lot of data that shows that tenants would take  
9 advantage of programs if they had them, and that's  
10 why HPD is looking to start a mobility counseling  
11 program, we are looking to target it. I don't think  
12 that we would see necessarily the volume that HUD is  
13 looking to see in a place like New York City, but by  
14 targeting it to the families that want to move, that  
15 want to take advantage, we would avoid having the  
16 devastating impact from the rest of the tenants, and  
17 providing opportunities for those that want it.

18           CATHY PENNINGTON: And I would add that,  
19 you know, our first priority in administering this  
20 program to ensure that families have affordable  
21 stable housing, and the goals of mobility, which  
22 certainly we would like to support, do require an  
23 additional level of effort. So I think what's  
24 lacking right now are the program resources to really  
25 support a comprehensive mobility program, and

2 unfortunately there is a lack of housing stock  
3 available. So even if we had additional money,  
4 right, are there really units available. [banging  
5 door] The vacancy rate is what is really driving our  
6 inability to even, you know, support programs that  
7 would offer them as mobility. I think that we could  
8 help families with mobility goals, but I think it  
9 would be very small numbers, and is that worth it?  
10 It certainly is, but it wouldn't—we would not be able  
11 to serve thousands of families in a mobility program.

12 CHAIRPERSON TORRES: And it seems to me  
13 that voucher holders do have degree of choice, but  
14 those choices are constrained by larger forces,  
15 right, rent levels--

16 CATHY PENNINGTON: Correct.

17 CHAIRPERSON TORRES: --over which your  
18 agencies have minimal control, but they can see that.  
19 What about source of income discrimination. In your  
20 experience how—how widespread is source of income  
21 discrimination against your voucher holders, and it  
22 seems to me of all the structural barriers to  
23 mobility, source of income discrimination would be  
24 the one area over which the city might be able to  
25 accept the most insolence.

2 CATHY PENNINGTON: Yeah, this is a very  
3 difficult issue. I don't have statistics on the  
4 amount of potential discrimination against voucher  
5 holders, but anecdotally, I could share that families  
6 do tell us that they feel discriminated against  
7 particularly family that it—it would appear to them  
8 that they don't have the rental opportunities when  
9 they present themselves as a voucher holder. We are  
10 engaged with the [banging door] with the Human Rights  
11 Commission. We've met with them. We have ways that  
12 we inform our tenants about their rights, and their  
13 protection. So we're trying to report any incidents  
14 that we do hear of so--

15 CHAIRPERSON TORRES: Would you  
16 characterize it as a widespread problem?

17 CATHY PENNINGTON: I couldn't  
18 definitively characterize it as widespread problem.  
19 I don't have the facts on that.

20 EVA TRIMBLE: And--ant I—I would agree  
21 with that. I know that the—the Human Rights  
22 Commission has staffed up, and they have taken, you  
23 know, a stronger focus on this—on this issue, and  
24 we've been working very closely with them to make  
25 sure tenants understand their rights and to pass on

2 instances of—of possible discrimination that we hear  
3 from our families as well. I—I would also add that  
4 it's—it's definitely an issue, but it's also one of—  
5 of other barriers such as credit—credit histories,  
6 criminal histories, things that we've been working on  
7 with landlords to try to get them to be more flexible  
8 and open on in accepting our families. So I would  
9 say it's one of many true and real barriers that  
10 people have to loosen up.

11 CHAIRPERSON TORRES: When you hear  
12 complaints about source of income discrimination or  
13 the denial of rental opportunities is it typically in  
14 higher opportunity neighborhoods, as we call them,  
15 or—?

16 CATHY PENNINGTON: I don't have—I don't  
17 have any specific data on that.

18 CHAIRPERSON TORRES: Okay. Has there  
19 been any attempt to collect data on it or conduct a  
20 study? Because it seems to me it's—given the urgency  
21 around fair housing, it would be useful for the city  
22 to study the—the depth or source of income—income  
23 discrimination in the housing market.

24 EVA TRIMBLE: So, I—I agree, and at HPD  
25 one thing we are starting to do as part of veering



2 off for the mobility counseling program, is we are  
3 starting to prepare a survey for our tenants. So  
4 when they come into our Client Interim (sic) Services  
5 Center at 100 Gold, whether they're requesting a new  
6 voucher or an extension to their existing voucher,  
7 we're going to start asking a series of questions  
8 that try to get at whether they've been discriminated  
9 at-against, and they may not even realize it. They  
10 may not know that-that they're being discriminated  
11 against. But to also identify other factors that are  
12 barriers in the search process, and to understand  
13 where are they looking. How are they-what tools do  
14 they use in their search process, and to try to start  
15 using that information and gathering that information  
16 to help structure our mobility program and our  
17 counseling program. So that we know what help is it  
18 that they need. Is it access to brokers? Is it  
19 access to-to search listings? Is it-is it just  
20 getting around the city, [banging door] mobility  
21 around the city to do the housing search or is it,  
22 you know, something bigger like source of income  
23 discrimination that's preventing them from moving up.

24 CHAIRPERSON TORRES: Can you speak more  
25 about the impact? It's impossible to project with

2 certainty the number of people who might face  
3 homelessness as a result of--of--of Small Area FMRs,  
4 but do you know the percentage or number of voucher  
5 holders who are paying more than 30%, 40%, 50%? Like  
6 do we have data on the precise impact on rent  
7 burdens?

8 CATHY PENNINGTON: We--I didn't bring  
9 that chart with me today, but we did do a lot of  
10 analysis on the impact to tenants' portions. So we  
11 do have some data on how many households would fall  
12 into which percent of income they would have to be  
13 paying towards rent, and it--it definitely increases.  
14 But I--I don't have that with me.

15 CHAIRPERSON TORRES: [interposing] But  
16 you could tell--you could get back to the community  
17 with data.

18 CATHY PENNINGTON: Yes we could.

19 CHAIRPERSON TORRES: Because I would be  
20 curious to know how many tenants if--if this rule were  
21 to go into effect, what percentage--

22 CATHY PENNINGTON: [interposing] Yes.

23 CHAIRPERSON TORRES: --of tenants are  
24 paying about 50% of their income toward rent?

25 CATHY PENNINGTON: Yes.

2 CHAIRPERSON TORRES: Which qualifies as a  
3 severe rent-~~rent~~ burden. How many vouchers are in  
4 each of your programs?

5 CATHY PENNINGTON: We currently have  
6 85,000 vouchers under contract.

7 CHAIRPERSON TORRES: And HPD has?

8 EVA TRIMBLE: About 24,000.

9 CHAIRPERSON TORRES: And you're  
10 authorized to have how many vouchers?

11 CATHY PENNINGTON: We're authorized at  
12 99,000 vouch-~~vouchers~~, but we're only funded for  
13 85,000.

14 CHAIRPERSON TORRES: So 85,000 versus 99  
15 and HPD?

16 CATHY PENNINGTON: I-I actually don't  
17 have the data on how much we're authorized for, but  
18 we are-we are currently around 20-24,000 for both  
19 Housing Choice PVB combined.

20 CHAIRPERSON TORRES: See, I had-Yeah.

21 CATHY PENNINGTON: The-the State of New  
22 York has over 11,000 vouchers in-in the city.

23 CHAIRPERSON TORRES: See, I-I'm concerned  
24 about the shrinking supply of deeply affordable  
25 housing, but one of the criticisms is that most of

2 the affordable housing we're creating is unaffordable  
3 to the poorest New Yorkers, which underscores the  
4 singular points of Section 8 and public housing. Are  
5 we in danger of hemorrhaging Section 8 vouchers with  
6 these rules, if they were to go into effect?

7 CATHY PENNINGTON: Do you mean by-by  
8 seeing that a persistent decline in the number of  
9 vouchers?

10 CHAIRPERSON TORRES: Well, there's been a  
11 downward trend--

12 CATHY PENNINGTON: [interposing] Yes.

13 CHAIRPERSON TORRES: --in vouchers.  
14 Would--would that be accelerated as a result or what  
15 is impact?

16 CATHY PENNINGTON: I think it could.  
17 That would be the--the further cost analysis that we  
18 need to do, but we've already seen without Small Area  
19 FMRs that--that the way we are budgeted, the dollar  
20 supports fewer families every year because the cost  
21 per unit continues to go up. So just to support the  
22 same number of families next year, I need more  
23 funding. But the way the funding is renewed affects  
24 how many families you can support. So we've lost  
25 over 6,000 vouchers just in the past three years

2 because of funding. And then this year when we  
3 finally have adequate funding, and we're issuing lots  
4 of vouchers, families aren't finding units.

5 EVA TRIMBLE: [interposing] Uh-huh.

6 CATHY PENNINGTON: So it kind of becomes  
7 a cycle of the funding gets renewed based on what you  
8 spend, but if you can't spend it because people can't  
9 find units, it becomes a very vicious cycle and  
10 challenges us to try to figure out solutions. This-  
11 this does not help us.

12 CHAIRPERSON TORRES: Well, I-I just want  
13 to-because obviously you have no data available to  
14 you, but-but can you just explain more specifically  
15 how Small Area FMRs would accelerate the downward  
16 trend during-in Section 8 vouchers?

17 CATHY PENNINGTON: Well, the concern is  
18 if-if this is applied, and families cannot afford the  
19 higher portion, they would be forced to move, but  
20 when they move, they will not find a unit, another  
21 rental unit because now the standard has dropped. So  
22 even if they wanted to relocate within the Bronx,  
23 they can't afford it. They're going to try to find a  
24 lower cost unit, but the standard when they move is  
25 going to be lower. So we'll pay less. So why would

2 the landlord choose to rent to a voucher holder where  
3 the—where the value of the voucher dropped \$3 to  
4 \$500?

5 CHAIRPERSON TORRES: And I noted in my  
6 remarks that the—the—the benefit was minimal but the  
7 cost is massive, and I want to speak more about the  
8 benefit. Is—is—if you cannot find apartments with  
9 even the higher subsidy, are we—is that—are we  
10 running the risk that just millions of dollars in  
11 Section 8 funding is going into disuse? That  
12 theoretically we have these higher subsidies in high  
13 opportunity neighborhoods, but in practice those  
14 subsidies are unusable. Is—is that a situation that  
15 we're--?

16 CATHY PENNINGTON: It depends how the  
17 final rule comes out. So, you know, there's also a  
18 new House bill that is saying that we should exempt  
19 all these families, but that has major cost for us.  
20 So if they exempt these families, and we continue to  
21 pay the higher cost, and we don't have adequate  
22 funding to even help families.

23 CHAIRPERSON TORRES: So explain that  
24 trade-off to me.

25 CATHY PENNINGTON: Pardon?

2 CHAIRPERSON TORRES: Explain the trade-  
3 off that if--that if you--if you--if I were to move  
4 forward with the rule because of--of a recently passed  
5 law in Congress with the ability to exempt current  
6 families from the real effects

7 CATHY PENNINGTON: So--so what that rule  
8 is saying continue paying what you're paying at the--  
9 at the--the current practice of regional rather  
10 metropolitan fair market rent. But when a family  
11 moves, then you can pay that higher opportunity rent,  
12 but if you're still paying today's rent--

13 CHAIRPERSON TORRES: [interposing] Uh-  
14 huh.

15 CATHY PENNINGTON: --you haven't  
16 decreased it. Their model says lower and higher at  
17 hearing is all cost neutral in the--in this model.  
18 But if--if we're told no keep it the way it is, but  
19 trigger it when somebody moves, you won't have the  
20 dollars to support anyone to move to--to an  
21 opportunity neighborhood.

22 CHAIRPERSON TORRES: Well, you're paying  
23 those higher subsidies at the cost of losing  
24 vouchers?

25 CATHY PENNINGTON: Exactly.

2 CHAIRPERSON TORRES: So therein lies the  
3 loss of vouchers.

4 CATHY PENNINGTON: Right, it becomes a  
5 two for one. Exactly.

6 EVA TRIMBLE: And both HPD and NYCHA have  
7 been in a fortunate situation about the last year  
8 that we've both been leasing out new voucher holders.  
9 We're finally recovering from these sequestration.  
10 We don't need to be hit with something like Small  
11 Area, which would then further restrict the program  
12 funds again, and it--and limited our ability to help  
13 other needy New Yorkers.

14 CHAIRPERSON TORRES: And obviously the  
15 Section 8 program comes not only in the form of  
16 vouchers, but project based, and I suspect HPD has--  
17 they have an affordable housing developments that are  
18 in the pipeline--

19 CATHY PENNINGTON: [interposing] Uh-huh.

20 CHAIRPERSON TORRES: --that might be  
21 dependent. In fact, they have one a redevelopment in  
22 Lambert Houses that is heavily dependent on project-  
23 based Section 8, and then in the case of NYCHA, you  
24 have the Renter Assistance Demonstration Program. So  
25 I'm curious to know are there projects currently in



2 HPD pipeline that would be affected if these rule  
3 changes were to be enacted?

4 EVA TRIMBLE: Absolutely. There's  
5 projects in both our pipelines. If--here--there is  
6 really two ifs here. If Small Area, if New York is  
7 not successful in getting completely excluded from  
8 this proposal, and second even if--if we're not  
9 excluded, there's a possibility they would still  
10 exclude PVBs from this program, and hold them--hold  
11 them to a separate standard. So we are, you know, in  
12 our recommendations we did say that regardless of  
13 whether New York is excluded, project based vouchers  
14 should not be held this Small Area FMR [banging door]  
15 because they provide such an important tool to  
16 financing the project.

17 CATHY PENNINGTON: And, you know, NYCHA  
18 has been pursuing the project based model  
19 aggressively because what it does for us is it locks  
20 in units long term. So we go under a contract with  
21 an owner for 100 units for 30 years. So we locked  
22 those units in so they will be affordable and we'll  
23 subsidize them for 30 years, and the reason we've been  
24 pushing and marketing this program is because not  
25 only does it bring affordable housing, the majority

2 of our projects are new construction. They're  
3 beautiful properties, well managed properties. So  
4 it's bringing quality housing, affordable housing  
5 into all of our neighborhoods. So we consider it a  
6 way that we can help connect the units to the-to the  
7 tenant. So if you start adjusting how those rents  
8 are set, it will detract owners and developers from  
9 participation in the program. And so we're very  
10 concerned about that because this has been a  
11 successful tool. In fact, this fourth quarter, we're  
12 going to lease four brand new construction projects  
13 that are project based. You know, and all supportive  
14 housing for seniors, disabled, you know, it's a  
15 wonderful program. On the RAD front we're very  
16 concerned because Smaller Area-

17 CHAIRPERSON TORRES: [interposing] Before  
18 we go to RAD, I have one more question about because  
19 Triborough, you actually have a small piece of the  
20 NYCHA portfolio as Project Based Section of  
21 Triborough. My understanding is the rule does not  
22 apply to existing house contracts. Is that correct?

23 CATHY PENNINGTON: That is correct.

24 CHAIRPERSON TORRES: Well, what if you  
25 when it's renewed in 20 years would it apply then?

2 CATHY PENNINGTON: I have to think.

3 EVA TRIMBLE: [pause] It's not entirely  
4 clear how they're going to implement the final rules.

5 CHAIRPERSON TORRES: [interposing] But we  
6 don't even if know-

7 EVA TRIMBLE: If they thought it would be  
8 effective upon renewal.

9 CATHY PENNINGTON: [interposing] That's a  
10 good question. Yes, I-I would make one distinction.  
11 The Triborough properties are in the HUD Multi-Family  
12 Program. So they have totally different rent setting  
13 rules. It's Section 8, but you know, there's multi-  
14 family Section 8, and then there's--

15 CHAIRPERSON TORRES: [interposing] But  
16 would that be subject to rule in question or not.

17 CATHY PENNINGTON: No.

18 CHAIRPERSON TORRES: So it's exempt from  
19 the rule in question?

20 CATHY PENNINGTON: Correct.

21 CHAIRPERSON TORRES: Okay. Well, what  
22 about--what about I guess have contract renewals with  
23 standard project based Section 8? We're not clear  
24 about whether or not the rule would.

25

2 CATHY PENNINGTON: [interposing] We're  
3 not clear. Yeah, so at the end of the long term.  
4 That's an open question.

5 CHAIRPERSON TORRES: With the Rental  
6 Assistance Demonstration Program, what impact will it  
7 have on your projects in the pipeline?

8 CATHY PENNINGTON: Again, because it-  
9 it's all dependent on location, it could have a  
10 negative effect on the rent setting, and the forecast  
11 for converting those projects. So, again, if-if  
12 we're converting projects that are in low poverty  
13 neighborhoods, which it is very likely they are.

14 CHAIRPERSON TORRES: [interposing] Well-  
15 well, a disproportionate share of those properties  
16 are going to be in the Bronx--

17 CATHY PENNINGTON: [interposing] Right

18 CHAIRPERSON TORRES: --which is hit  
19 hardest by the new rule.

20 CATHY PENNINGTON: Yes.

21 CHAIRPERSON TORRES: So all of those  
22 properties are in jeopardy?

23 CATHY PENNINGTON: Well, depending what  
24 the final tells us, they could be in jeopardy yes.

2 CHAIRPERSON TORRES: Can you comment on  
3 the—the calculation because I—I suspect we know a  
4 little more about the housing market in New York City  
5 than the number crunchers in Washington, DC. Can you  
6 comment on the assumption that underlie your  
7 calculations? Because New York City is a heavily  
8 subsidized regulated housing market, and so does HUD,  
9 does HUD factor in rent regulated housing? Does it  
10 factor in subsidized housing? Does it even factor in  
11 public housing? What are the assumptions that are  
12 built into—into their calculations of fair market  
13 rent?

14 CATHY PENNINGTON: Well, I'm not an  
15 expert statistician.

16 CHAIRPERSON TORRES: You're probably more  
17 expert than the statisticians in Washington.

18 [laughter]

19 CATHY PENNINGTON: I—I would—I would say  
20 that we were hoping to have our research team here  
21 today to help answer that question. Unfortunately,  
22 they're not able to be here, but we can set up a  
23 separate meeting to—to go into the research in more  
24 detail. As—as Ellen Davidson had mentioned, there  
25 are multiple datasets that both HUD and New York City

2 use, and there's a difference of opinion of which  
3 ones are more current, and which ones can better—in  
4 its detail and illustrate the housing market. You  
5 know, part of what HUD is looking at are data sets  
6 that are used nationwide so that there's consistency  
7 between all the municipalities. New York City has  
8 some specific ones as well as the proposed—we had  
9 proposed to use some other data sets, and so I think  
10 it's best that we kind of have the researchers talk  
11 through that. We didn't want to—we were looking for  
12 solutions that HUD could use in New York, but also  
13 use elsewhere in the country, and hoping that some of  
14 those data sets would apply for other people as well.

15 CHAIRPERSON TORRES: But we do have a  
16 singular housing market, right? It was—it was an  
17 unusual amount of subsidy and regulations. So, I'm  
18 curious to know does HUD factor in the rent regulated  
19 housing? My impression is the answer is yes, but no?

20 CATHY PENNINGTON: No, no.

21 CHAIRPERSON TORRES: So it's not  
22 precedence. So it's not factored in the subsidized?

23 CATHY PENNINGTON: Oh, they do not  
24 distinguish.

25 CHAIRPERSON TORRES: I'm sorry.

2 CATHY PENNINGTON: They do not  
3 distinguish--

4 CHAIRPERSON TORRES: [interposing] It's  
5 not--

6 CATHY PENNINGTON: --with for rent  
7 stabilization on that.

8 CHAIRPERSON TORRES: It does distinguish  
9 right.

10 CATHY PENNINGTON: Correct.

11 CHAIRPERSON TORRES: Right.

12 CATHY PENNINGTON: Correct.

13 CHAIRPERSON TORRES: Right. So, which--

14 CATHY PENNINGTON: It would certainly be  
15 deflating, yes.

16 CHAIRPERSON TORRES: Which provides a--So  
17 I just want to get more into the numbers, and you can  
18 pick whether it's the Upper East Side or the Upper  
19 West Side, what is HUD telling us is the fair market  
20 rent in those neighborhoods. Under--in a--in a world  
21 of Small Area FMRs what's the fair market rent in  
22 Chelsea, in the village, in the Upper East Side? I  
23 want to see if these numbers intuitively make sense.

24

25

2 EVA TRIMBLE: So for example zip code  
3 10024, which I think is Upper West Side or Midtown  
4 West.

5 CHAIRPERSON TORRES: Sorry?

6 EVA TRIMBLE: So in zip code 10024, which  
7 I think is about Upper West Side or 60s on the West  
8 Side.

9 CHAIRPERSON TORRES: Okay.

10 EVA TRIMBLE: The current FMR for the 2-  
11 bedroom is \$1,571.

12 CHAIRPERSON TORRES: \$1,571?

13 EVA TRIMBLE: Yes, and with the—with the  
14 Small Area FMR, it would be \$2,250.

15 CHAIRPERSON TORRES: \$2,000?

16 EVA TRIMBLE: \$250 to find a 2-bedroom in  
17 Midtown West, Upper West.

18 CHAIRPERSON TORRES: And in your opinion  
19 is that a underestimation of the true housing cost on  
20 the Upper West Side.

21 EVA TRIMBLE: I'm not thoroughly familiar  
22 with—with the rental market in that area, but I would  
23 think that it's still too low.

24 CHAIRPERSON TORRES: I'm going to ask you  
25 the same question that I posed to the first panel,



2 which is that I think HUD has every reason to be  
3 concerned about the—the racially concentrated nature  
4 of how we distribute Section 8 vouchers in the city,  
5 or how Section 8 voucher holders cluster in some of  
6 the poorest parts of our neighborhood. I—I think  
7 it's not enough to oppose HUD's proposal, but ideas  
8 are we offering in the meantime to address the  
9 concerns that the federal government has about fair  
10 housing, about the lack of diversity in these  
11 neighborhoods, about the lack of true choice in the  
12 housing voucher program? What's the city's  
13 alternative strategy?

14 EVA TRIMBLE: So the—the immediate  
15 strategy, as I mentioned, is to create a mobility  
16 counseling program. What we're doing tat HPD is  
17 looking at implementing mobility counseling through  
18 our Family Self-Sufficiency Program, FSS, and  
19 starting to survey tenants, and reach—reach out to  
20 tenants that may be interested in taking advantage of  
21 higher opportunity neighborhoods, and then—and  
22 understanding from them what they define as that  
23 higher opportunity. Is it the school district? Is  
24 it access to transportation or—or different jobs.  
25 And wo we would work with those families in

2 connecting them to different housing search-  
3 connecting them to different housing opportunities  
4 and then even after the move, following up with them,  
5 and ensuring that they're successful and stabilized  
6 in that new neighborhood. In addition to that, in  
7 order to kind of solve the problem of how will the  
8 voucher pay for that rent, we are looking at-at  
9 preparing a proposal to HUD for what's called an  
10 Exception Payment Standard [banging door]. An  
11 Exception Payment Standard works somewhat like a  
12 Small Area FMR in that the-the municipality gets to  
13 choose the geographic area, and then set a new  
14 payment standard just for the geographic area. And  
15 so, we could go, you know, as high as 150% or more of  
16 the FMR for that area. So we're working right now at  
17 looking at different areas that we could choose.  
18 This does not come with any funding from HUD. The  
19 approval allows us to increase the payment standards,  
20 but we don't get any additional funding. HPD is  
21 looking to do this on a small scale and see how it  
22 works as a starting point. We would be self-funding  
23 the mobility counselors, and the additional staff we  
24 would need to-to do the outreach with the families,  
25 and then we would—we would be looking to do a limited

2 number of vouchers in this area as a task to then see  
3 how it goes. We would—we would be basically  
4 incurring that extra cost of the higher payment  
5 standard for those areas.

6 CATHY PENNINGTON: The good news is that  
7 they--

8 CHAIRPERSON TORRES: Now NYCHA?

9 CATHY PENNINGTON: --if HPD is approved  
10 for the Exception Payment Standard, it's applicable  
11 to anyone administering Section 8. So they're doing  
12 all front work making the request to HUD for that  
13 exception payment, but we could benefit—we could use  
14 that same exception payment. But, what we're doing  
15 right now is really our—our efforts have been focused  
16 on marketing to owners. So we formed a speaking—a  
17 public speaking unit that attends all the  
18 conferences, does extensive outreach with owners.  
19 We've also created a customer service program. You  
20 know, you got get—you've got to link the owner with  
21 the tenant, but in our program one of the obstacles  
22 to many owners is they don't like the administrative  
23 piece of it. So we've really taken a hard look at  
24 how can we provide the most expedient customer  
25 service to get contracts executed quickly, to get

2 inspections done within days of the owner's request  
3 to lease a unit with us? So we've really ramped up,  
4 you know, our relationship with owners to invite  
5 their participation. So we're reaching out all over  
6 the city looking for any opportunity to present to  
7 private owners so we can encourage them to accept our  
8 vouchers.

9 CHAIRPERSON TORRES: Do, and one more  
10 question, and then I'll—I'll hand it over to Council  
11 Member Gibson. Do your agencies pay close attention  
12 to the trends in concentrations of Section voucher  
13 holders? Have you seen those trends improve over  
14 time, worsen over time, are these numbers or data  
15 points that you track closely?

16 CATHY PENNINGTON: We do track them. So  
17 we have a lot of statistical reporting on where  
18 people live, and we have comparative charts that show  
19 us patterns. I would say we haven't seen any  
20 dramatic changes in where people live 'til 10 years  
21 ago.

22 CHAIRPERSON TORRES: In either direction?

23 CATHY PENNINGTON: In either correct.

24 Correct.

25

2 CHAIRPERSON TORRES: Is that consistent--  
3 does HPD have a consistent analysis or--? Okay.  
4 Council Member Gibson.

5 COUNCIL MEMBER GIBSON: Thank you very  
6 much. Thank you, Chair Torres. A very, very  
7 important discussion we're having. Thank you to the  
8 Housing Authority and HPD. I, too, agree that it's  
9 not often that we all find ourselves on the right  
10 side of a conversation, and rally agreeing, but  
11 looking at these numbers obviously the impact on the  
12 borough I represent is very alarming. Seventy  
13 percent of my current voucher holders are going to be  
14 impacted. So for me it's deeply personal. Looking  
15 through your testimony, I see that you identify four  
16 different recommendations to HUD, and I have a copy  
17 of the letter that was jointly written by HPD as well  
18 as NYCHA to HUD. So I wanted to find out in terms of  
19 these recommendations understanding the climate that  
20 we're in, the timeframe that we're on, what can  
21 actually happen with these recommendation? So, do  
22 you thin that HUD is really going to consider these  
23 four recommendations. And the number one, the first  
24 one that I really think is important is exempting the  
25 metro areas with the rental vacancy rate at or below

2 5%, and I agree. I mean residents in my district are  
3 already rent burdened, and if they're pushed out,  
4 they have nowhere to go. When you're in the Bronx,  
5 there's nowhere to go. I mean you can't go north.  
6 You can't go south. I mean there's just nowhere to  
7 go, and my district is far west. So we face Northern  
8 Manhattan, and they can't live there either. So just  
9 trying to understand in terms of from your opinion  
10 and your perspective what do you think HUD will  
11 really consider in terms of your recommendations?

12 CATHY PENNINGTON: Well, I think we're  
13 hopeful that we have made a good case based on local  
14 data, and based on our deeper knowledge of  
15 understanding the New York City rental market that  
16 we've made a good case on the vacancy issue, and made  
17 a good case on the unintended negative consequences.

18 COUNCIL MEMBER GIBSON: [interposing]  
19 Consequences.

20 CATHY PENNINGTON: So, I—I think that HUD  
21 didn't have this information, and possibly didn't  
22 have the ability to—to extrapolate what was going to  
23 happen if this policy were implemented to the  
24 families, and the individuals that we have. And we  
25 are able to take that data because we know what their

2 incomes are. We know what those rents are. So we  
3 have a lot of data that I think we did a good  
4 presentation on making the case. So, we're very  
5 hopeful. We had a lot of external support from other  
6 entities, from owners, from advocates, from other  
7 legal organizations that have supported the  
8 preservation of keeping people [banging door] in  
9 their home.

10 COUNCIL MEMBER GIBSON: Right

11 CATHY PENNINGTON: I can't predict how  
12 HUD will land on this. We're hopeful that they  
13 listened. We had very good productive conversations  
14 with them during this whole course, and if you look  
15 at their site, and the numbers of people who  
16 submitted comments, New York Link Number 1, and it  
17 wasn't just the Housing Authority and HPD. It was  
18 all kinds of organizations that are seriously  
19 concerned about this issue.

20 COUNCIL MEMBER GIBSON: And I appreciate  
21 that. I think the more pressure that we can put on  
22 HUD I think it just supports the argument coupled  
23 with data, and looking at, you know, numbers. I  
24 mean, you know, the—the other underlying factor is  
25 that many of the households we're talking about

2 residents of color, and children of color, and, you  
3 know, behind all of those numbers I see those faces  
4 of, you know, struggling single parents that simply  
5 cannot afford to live now, and this will only provide  
6 an added burden. The average rate of tenants that  
7 would have to pay more in my district is about \$200.  
8 I mean they can't even afford an increase of \$20 let  
9 alone \$200. So, you know, I think when you look at  
10 the magnitude of what this will have on our city, I  
11 mean it's horrifying. I wanted to find out with the  
12 current proposal that the Housing Authority has  
13 submitted to HUD on Next Gen how that—how this  
14 proposal would affect any of the—the Next Gen  
15 developments because there is a lot of overlap  
16 particularly in my area of 10456. There is some  
17 overlap.

18 CATHY PENNINGTON: Well, as I mentioned  
19 earlier, if we're—we're planning to convert any of  
20 the public housing developments in your area through  
21 the RAD program or some other rent subsidy that they  
22 could be negatively affected, which could jeopardize  
23 the feasibility from a financial perspective of  
24 redeveloping those properties because the rent is the  
25 long-term revenue that is used to—to forecast whether



2 these projects will work or not. So we're very  
3 concerned. We spoke about that also in our comments  
4 saying that those types of projects should also be  
5 exempted.

6 COUNCIL MEMBER GIBSON: On a local level  
7 in terms of our resident leaders in the Housing  
8 Authority and many of our tenant leaders that  
9 represent some of the—the NYCHA developments, has  
10 there been any conversation with those leaders, or  
11 even those other tenant organizations that are not  
12 NYCHA, but are project based Section 8, and that  
13 really goes to HPD. Are you working with some of the  
14 advocacy groups to kind of get the message out?  
15 Because what I hope will happen is as this  
16 information gets out in terms of the impact on  
17 families that many will be reaching out, and I just  
18 wanted to make sure for the Council that we have  
19 enough information, and we do, but we're really able  
20 to explain to residents like what this will mean. So  
21 that they can join most of the advocacy that's  
22 happening in terms of expressing their concerns as  
23 well.

24 CATHY PENNINGTON: So, we did not  
25 specifically engage our resident leadership because

2 it is 99% public housing, and I didn't think that  
3 they would see the connection because it's two  
4 separate programs.

5 COUNCIL MEMBER GIBSON: Right.

6 CATHY PENNINGTON: But we have given many  
7 public presentations on this through the New York  
8 Housing Conference, through several of the elected  
9 have invited us to present, and those were open  
10 sessions, and some residents did attend those. But  
11 we didn't do a targeted outreach to the—to the New  
12 York City Public Housing residents.

13 COUNCIL MEMBER GIBSON: Okay. Was there  
14 any information—I don't, I think I may have seen  
15 something from my local community board I believe.  
16 I'm not sure. I represent three of them.

17 CATHY PENNINGTON: I'm—I'm not sure.

18 COUNCIL MEMBER GIBSON: Okay.

19 CATHY PENNINGTON: But we will be glad to  
20 speak to or share with any group that is interested.  
21 We are doing a presentation to a newly formed Section  
22 8 advisory group that we have a NYCHA. We just—we  
23 met with them recently, and we're going to be giving  
24 them a fuller presentation on this.

25 COUNCIL MEMBER GIBSON: Okay.

2 EVA TRIMBLE: I know that we—we have been  
3 working very closely with many of the advocates as  
4 Ellen Davidson and Lilly Wade (sic) has said over 40  
5 advocacy groups signed onto their letter, and so  
6 we've been trying to get this, you know, this message  
7 out pretty broadly.

8 COUNCIL MEMBER GIBSON: Okay. So no  
9 tenants to our knowledge have been informed or  
10 received any sort of notification or letter from HUD  
11 or anyone else about this, right?

12 CATHY PENNINGTON: No.

13 EVA TRIMBLE: No, official notification—

14 COUNCIL MEMBER GIBSON: [interposing]

15 Okay.

16 EVA TRIMBLE: --about the changes in RAD.

17 CATHY PENNINGTON: [interposing] But the—  
18 the final decision hasn't been made.

19 COUNCIL MEMBER GIBSON: Right, okay. So,  
20 to say we have a little bit more time. I mean we  
21 never have enough time, but with the time that we do  
22 have, I—I certainly offer my support as a Bronx  
23 member working with our chair. Looking at our  
24 Council districts, I mean every council member in the  
25 Bronx is well over 60% of the current voucher

2 households that are affected. Council Member Cohen  
3 is at 68%. I'm at 70%, and if you look and you break  
4 down the zip codes, obviously there's some of our  
5 more larger buildings, Project Based Section 8. So I  
6 think it's important since the impact is so harsh on  
7 the Bronx. I always look at, you know, targeted  
8 messages, and strategic advocacy because it's a  
9 borough and it's had such a transformation, and even  
10 now with us moving forward and all the work we're  
11 doing, my neighborhood is going through a  
12 neighborhood rezoning plan. I mean there is just a  
13 lot going on, but I think it propels us to make sure  
14 that as a borough, as a delegation that we really  
15 make sure that our voices are loudly heard because  
16 this is going to have a devastating impact on the  
17 residents that we represent. So you have already  
18 taken the charge, Chair Ritchie Torres. So I thank  
19 you for that, and looking forward to much more work.  
20 Thank you for being here. Thank you to all the  
21 advocates who have joined us as well. Thank you.

22 CHAIRPERSON TORRES: I have a few more  
23 questions, and then you're—you're free to go.

24 CATHY PENNINGTON: As long as they're  
25 friendly.

2 CHAIRPERSON TORRES: What-what  
3 [laughter]. What-what is your knowledge about the-  
4 the outcomes of Small Area FMRs? Is it as successful  
5 as-as HUD would have us believe or--?

6 CATHY PENNINGTON: Well, I think that  
7 there is research going on at the demonstration  
8 sites, but the research is inconclusive. It hasn't  
9 been completed. So also recommendations for many  
10 other folks have said why don't we wait to see the  
11 real outcome. I could share with you that I worked  
12 at the Chicago Housing Authority, and they had a-a  
13 pretty significant mobility housing program. They're  
14 an MTW agency. So they had a lot of flexibility in  
15 their funding to fund. They had a staff of like 24  
16 who that's all they did was help people move to  
17 better neighborhoods. It was successful, but it's  
18 also still small. So we have helped 400 families  
19 move to opportunity neighborhoods, and for those 400  
20 families, it-it was a grand success. So I think  
21 there can be success in mobility programs, but it was  
22 never in the Small Area FMR model.

23 CHAIRPERSON TORRES: In your experience  
24 once you moved those families do you keep track of  
25 those families?

2 CATHY PENNINGTON: There was follow up  
3 with the family to—to help support them staying  
4 there. I don't have the—the research.

5 CHAIRPERSON TORRES: [interposing] Yes.

6 CATHY PENNINGTON: There's been several  
7 research studies done that studied the outcomes that  
8 families experience that were very promising. Again,  
9 I would just contend that I think mobility programs  
10 can be successful, but they're usually incremental,  
11 and don't represent necessarily what other families  
12 might choose to do.

13 CHAIRPERSON TORRES: Because it seems to  
14 me we often mention mobility and opportunity in the  
15 same breath, but mobility is neither synonymous with—  
16 with opportunity nor is it a guarantee of  
17 opportunity. One could imagine a family moving  
18 toward a higher opportunity neighborhood without  
19 actually benefitting from the higher opportunities.  
20 One example that really comes to mind is the Upper  
21 West Side, which is a higher opportunity  
22 neighborhood, but I believe you have two schools that  
23 are only a few blocks apart, [banging door] and one  
24 is seen as a failing or struggling school mostly  
25 populated by public housing residents, under-

2 resourced, lower performing and a few blocks away you  
3 have a largely wealthy white school with higher  
4 resources. And—and so I guess it's more a question  
5 for HPD when we develop affordable housing in higher  
6 opportunity neighborhoods, do we keep track of the  
7 families? Do we keep track of where their children  
8 are going to school, and whether they're actually  
9 benefitting from those higher opportunities?

10 EVA TRIMBLE: No, we're—we don't—we don't  
11 have the resources right now to—to track it on that  
12 individual level.

13 CHAIRPERSON TORRES: Has there been  
14 given—any thought given to--?

15 EVA TRIMBLE: The—the only aspect of it  
16 in the way that we're—that touches on that is there's  
17 a research project going on right now that is  
18 tracking a handful of—of our residents compared to  
19 just people who won our housing lotteries verse  
20 people who did not, and extracting their health  
21 outcomes and other outcomes. It's a federally funded  
22 research project, which we can give you more  
23 information on, but other than that, it's—you know,  
24 we're not able to—to track the long-term outcomes of  
25 our tenants.

2 CHAIRPERSON TORRES: Although it seems  
3 like we are able at a minimum to track where the  
4 children are going to school because that's a pretty  
5 good indicator of where you may end up in life,  
6 right?

7 EVA TRIMBLE: We could be able to do  
8 that, yes.

9 CHAIRPERSON TORRES: Yeah, I would  
10 encourage the city to do that. With that said, thank  
11 you for your testimony.

12 EVA TRIMBLE: Thank you.

13 CATHY PENNINGTON: Thank you. [pause]

14 CHAIRPERSON TORRES: The next panel we  
15 have Vic Bach from Community Service Society; Rachel  
16 Fee from the New York Housing Conference; and Ms.  
17 Thompson from Housing Coordinators (sic); and Ms.  
18 Torres from Alfred E. Smith Houses. You're here?  
19 Okay. [background comments, pause]

20 RACHEL FEE: My name is Rachel Fee. I'm  
21 Executive Director of the New York Housing  
22 Conference, and I'd like to thank Chair Ritchie  
23 Torres and members of the committee on Public Housing  
24 for the opportunity to comment today. New Yorkers  
25 Housing Conference is a non-profit affordable housing



2 policy and advocacy organization. We support decent  
3 affordable housing for all New Yorkers. We analyze  
4 public policy, educate and convene stakeholders and  
5 raise public awareness regarding New York's need for  
6 affordable housing. We're a broad based coalition  
7 comprised of a mix of non-profit and private  
8 developers, owners, managers, professionals and  
9 funders of affordable housing across New York State.  
10 We support the City Council's resolution calling on  
11 HUD to allow an exception for cities with a vacancy  
12 rate of 5% and below. While HUD has seen some  
13 promising outcomes in the Dallas (sic) Demonstration  
14 Program, we expect Small Area Fair Market Rents will  
15 not achieve the same result in high cost extremely  
16 low vacancies in cities like New York. In fact,  
17 HUD's policy proposal could have disastrous  
18 consequences, as we've heard today. I-I submitted  
19 comments with Legal Aid Society and CSS. So I don't  
20 want to repeat everything that has been, you know,  
21 already discussed today. I would just focus on a  
22 couple of things here. We strongly feel like there  
23 should be better solutions to deconcentrate use of  
24 Section 8 Vouchers in poor neighborhoods. As we've  
25 heard today, our housing agency estimates that almost

2 half of the 120,000 voucher holders their payments  
3 would go down. This proposal without a budget  
4 increase is—is unacceptable to us. We don't see it  
5 being very fair the housing opportunity for some low-  
6 income families would come at the expense of others.  
7 So, we very strongly advocate for an increase to the  
8 Section 8 budget to make any changes of this kind.  
9 You know, as we've heard already families who choose  
10 to stay in their current homes and high poverty-  
11 poverty areas, you know, we'll—we'll be unable to—or  
12 who are unable to move will pay the price of higher  
13 rents for the families who are moving to the more  
14 expensive areas, and again, we need a budget  
15 increase. I just want to reiterate my concern that  
16 half of impacted households are elderly or disabled.  
17 We heard this from our city's housing—housing  
18 agencies, and that their annual income is less than  
19 \$15,000. So paying any higher rent will surely  
20 impact the quality of life for these households. In  
21 a red hot real estate market like we have in New  
22 York, which has driven homelessness to an all-time  
23 height, and a vacancy rate of 3.4%, you know, finding  
24 any apartment will be a challenge for families who  
25 are forced to move even in an only marginally lower

2 poverty neighborhood. Another concern is that these  
3 changes would happen for the 56,000 impacted families  
4 within 13 to 24 months. So, a very unrealistic time  
5 frame. And, you know, the premise underlying HUD's  
6 policy proposal that landlords will accept lower  
7 rents in high poverty, low rent, lower rent  
8 neighborhoods, you know, it just seems unrealistic to  
9 us. We think it's unrealistic and a risky assumption  
10 when rents are rising and vacancy rates or low even  
11 in the high poverty neighborhoods, and some of which,  
12 as we know, are gen-are rapidly gentrifying. For  
13 movers, another issue is that rents are set at the  
14 40<sup>th</sup> percentile of rents across the city. So these  
15 rents have insufficient purchasing powers in a tight  
16 rental market. We've already heard that the zip  
17 codes fail to delineate meaningful boundaries for any  
18 housing submarkets in New York, and I think that's an  
19 important point to restate. I-I'm going to wrap it  
20 up, but I would just say when only one in five  
21 families use their vouchers to rent in low poverty  
22 areas nationally, it's clearly not the mobility  
23 program that it's designed to be. And-and in New  
24 York, you know, we're seeing most of the vouchers  
25 concentrated in poor neighborhoods in Brooklyn and

2 the Bronx, as you know. We feel that that must  
3 change, and we do want to see families given more  
4 housing options. I think we—we discussed on some—  
5 touched on some of the possibilities today, and—and  
6 again just to state that any program improvements  
7 should not be achieved on the backs of low-income  
8 families who choose not to, or who are unable to  
9 move. And only with a significant budget increase  
10 should HUD consider these sorts of changes to the  
11 Section 8 program. I encourage this committee to  
12 work with the city advocates and community members on  
13 a better solution to achieve goals of deconcentrated  
14 voucher use in New York City.

15 VICTOR BACH: [coughs] My name is Victor  
16 Bach. I'm with the Community Service Society. We  
17 want to thank the Chair for giving currency and  
18 visibility for this critical federal policy issue.  
19 It is hard to imagine that our Federal Housing Agency  
20 did not take vacancy rates into account in  
21 considering criteria for selecting localities for the  
22 proposed—real or proposed Small Area FMR program.  
23 Where you have a low vacancy rate, mobility is  
24 extremely limited particularly in a high-high cost  
25 market like New York City. Competition is fierce for

2 available units whether they're affordable or not,  
3 and families—low-income families without vouchers  
4 will have difficulty finding units, and even those  
5 with vouchers in New York City we have a very high  
6 voucher turn back rate for families who cannot find a  
7 suitable unit even with a current voucher. We  
8 believe that choice is a laudable objective [banging  
9 door] that HUD's wish to give voucher holders a wider  
10 choice in housing in neighborhoods is laudable. We  
11 firmly agree with that, but we think that it's an  
12 objective that cannot be accomplished particularly in  
13 cities like New York without additional funding. The  
14 problem is that HUD is attempting to do this within  
15 current voucher funding levels. That means that in  
16 order to provide hopefully very families with  
17 opportunities in higher cost neighborhoods, it's  
18 going to have to disinvest from voucher holders in  
19 lower rent neighborhoods. And as you can tell from  
20 the testimony, that's been provided. That will have  
21 serious negative consequences. [coughs] New York  
22 City is not alone in urging HUD to exempt low vacancy  
23 rate cities. There's been pushback from West Coast  
24 cities that were chosen for the proposed rule that  
25 have similar vacancy rate and high cost problems.

2 [coughs] Judging from some of the national advocacy  
3 organizations that have also commented on the  
4 proposed rule, organizations like the Center for  
5 Budget and Policy Priorities, the National Low-Income  
6 Housing Coalition, and even some national fair  
7 housing organizations have all consistently urged HUD  
8 to exempt low vacancy rate cities. So, all we can do  
9 is hope that HUD is listening to those comments.  
10 Thank you.

11 NAKITA THOMPSON: Greetings. My name is  
12 Nakita Thompson and I'm here on behalf of Housing  
13 Coordinators. So everyday in Housing Court we see  
14 Section 8 voucher holders in holdover cases looking  
15 for apartments. The current voucher price is too  
16 low. Rental prices are already too high, and with a  
17 vacancy rate of 3.45%, there are no apartments  
18 available for people to rent. Landlords won't rent  
19 to voucher holders despite source of income  
20 discrimination laws, which was discussed here  
21 earlier. [coughing] Many of the tenants we see being  
22 evicted in Housing Court end up moving away with  
23 portability transfers, lose their vouchers or end up  
24 in the shelter system after being unable to find an  
25 apartment in the city. To maintain affordable

2 housing, we should be doing everything we can to keep  
3 tenants housed in their current apartments. A family  
4 living in the zip code of 10453 in the heart of the  
5 Jerome Avenue rezoning battle will see their vouchers  
6 go from the current level of \$1,571 down to \$1,230  
7 under the proposal. In this neighborhood alone 2,780  
8 households will see an increase in their rent of an  
9 average of \$180. In neighborhoods that are already  
10 facing intense gentrification pressure, tenants would  
11 -would experience an average of a 47 to 51% rent  
12 burden. Across the city, 55,000 households will see  
13 increases in their rent. Or, forced to move out of  
14 their community would disrupt Section 8 tenants'  
15 connections to family and the neighborhood that  
16 they've built. Under the proposed changes, a tenant  
17 with a voucher for a 2-bedroom apartment would have  
18 to find an apartment in Chelsea for \$2,250 or  
19 possibly Brooklyn Heights for \$2,150, which really  
20 doesn't exist. These so-called higher opportunity  
21 neighborhoods don't have affordable grocery stores,  
22 and often they have more expensive daycare for  
23 families to pay. Housing Coordinators supports the  
24 New York City Council Resolution against HUD's  
25 proposal rule on Small Area Fair Market Rents for the

2 Section 8 program. HUD's proposal we feel is  
3 counterproductive to the efforts currently in place  
4 to maintain affordable housing and lowering subsidy  
5 amounts in any neighborhood in New York City will  
6 accelerate displacement. Thank you very much.

7 CHAIRPERSON TORRES: Thank you. I have a  
8 question about fair housing. Do you believe the—and  
9 anyone who is eager to answer it, please let me know.  
10 Do you believe the city is doing enough to promote  
11 fair housing?

12 VICTOR BACH: Would you repeat that?

13 CHAIRPERSON TORRES: Do you believe the  
14 city is doing enough to promote fair housing?

15 VICTOR BACH: Do I believe the city is--?

16 CHAIRPERSON TORRES: Doing enough to  
17 promote fair housing?

18 VICTOR BACH: Well, I think we do have an  
19 income source discrimination law, which I understand  
20 is not being fully enforced. So I think the city  
21 could do more by way of beefing up the Human Rights  
22 Commission so that it can enforce it. Even in high  
23 opportunity neighborhoods, if there are competing  
24 renters for an available unit, I suspect it's the  
25 voucher holder that will that will not be chosen,



2 other things being equal. And in just those cases,  
3 we need strong enforcement from the city, stronger  
4 enforcement.

5 RACHEL FEE: I would agree with Vic on  
6 that, and I would just add I think that, you know,  
7 one of the challenges for building more affordable  
8 housing in the high opportunity neighborhoods is  
9 cost. I think the Administration has done a good job  
10 of shaping the Mandatory Inclusionary Housing  
11 Program. I think that we should really be looking  
12 closely at re-zonings in the areas locally defined in  
13 the neighborhoods of high opportunity, and that's one  
14 way to create permanently affordable housing in-in-in  
15 neighborhoods, and to help, you know, in the long run  
16 to build in that housing and to maybe deconcentrate  
17 poverty in other neighborhoods. Obviously, you know,  
18 that's leveraging the private market and there are  
19 many factors there, but I think that looking at ideas  
20 like that is one way to achieve more affordable  
21 housing in the higher opportunity neighborhoods. I  
22 would also love to see more counseling around the  
23 mobility counseling for the Section 8 programs. I  
24 think we heard a bit about that from the city, but,  
25 you know, I think part of the problem is nobody

2 thinks there are vacancies and that, you know, it's  
3 not going to yield many results. But we do have a  
4 lot of data that we could be providing with tenants  
5 who are going through Section 8 briefing, you know,  
6 where are the good schools. Where are the low crime  
7 neighborhoods? There are opportunities for sharing  
8 more data, and I think on the side of landlords, I  
9 was glad to hear that NYCHA has done a lot of work to  
10 make it easier for landlords to participate, but  
11 there is an enormous administrative burden for the  
12 landlords participating in the program as well.

13 NAKITA THOMPSON: Well, I support, as I  
14 said here today. Also, we feel that, and earlier  
15 with Rachel talked about with our public schools that  
16 people usually want to stay in their neighborhoods  
17 mostly because of having their children in schools  
18 that are good, and all over the city public schools  
19 are not equal. And so, sometimes that creates a  
20 situation where if you live in one neighborhood your  
21 children may have the—may have opportunities and in  
22 another neighborhood they won't. We think that that  
23 has an effect on like fair housing and equality in  
24 general in the city, as well as there can be  
25 increasing what people make with increasing the

2 minimum wage so people can afford to live in the  
3 city, as well as working in Housing Court with  
4 tenants everyday who don't have attorneys, we find  
5 that a lot of them are battling between them getting  
6 a job where they can afford their rent and afford  
7 things to have their children instead of being on  
8 welfare. And a lot of the jobs that they find are  
9 the below the minimum wage, and they can't afford to  
10 live. Even though they're working full time, they  
11 can't afford to live and to give their families and  
12 pay-pay rent in the city. And so, increase in  
13 funding I think with public schools so that they have  
14 equal education through the city will create people  
15 who in the long run are going to have more  
16 opportunity and create families and generations with  
17 more opportunities.

18 CHAIRPERSON TORRES: And I'll pose the  
19 same question to you that I did to the city. Do you  
20 believe—can you comment? Based on your experience  
21 with your clients, would you characterize source of  
22 income discrimination is a widespread problem?

23 NAKITA THOMPSON: Yes, in Housing Court  
24 we talk to unrepresented litigants everyday. Source  
25 of income discrimination is a big thing especially

2 when people are seeking apartments with the Section 8  
3 Voucher, as well as other programs. And even though  
4 we try—we do educate them. You have a right to  
5 report this to the Commission of Human Rights. You  
6 should reach out to them. We've even tried to talk  
7 to tenants about giving us the information, and it  
8 seems to be a big burden. Often times, the tenants  
9 that we talk to in holdover cases, a decent apartment  
10 with these Section 8, they're very busy. They have  
11 children. They're also working, and it seems like  
12 it's a stressful situation for them obviously to then  
13 try to get the Commission of Human Rights to open a  
14 case for them. Many of them who do—who do go to the  
15 Commission of Human Rights, we don't keep data on it.  
16 But it doesn't seem like a lot is being done, or  
17 maybe they need to go in a different direction.

18 CHAIRPERSON TORRES: [interposing] Do you  
19 believe NYCHA and HPD are doing enough to support  
20 tenants facing source of income discrimination?

21 NAKITA THOMPSON: The people we see in  
22 Housing Court, I mean I can't say I have data on it,  
23 but not from the tenants that I represent.

24 CHAIRPERSON TORRES: [interposing] Well,  
25 you're in no danger of offending anyone so—

2 NAKITA THOMPSON: Excuse me.

3 CHAIRPERSON TORRES: You're in no danger  
4 of offending anyone.

5 NAKITA THOMPSON: Oh, no, I-I was just  
6 saying I don't have data, but in terms of us helping,  
7 I'm representing litigants everyday. My answer would  
8 be no. I mean it's very stressful for a family.  
9 They--many of them say we can't find apartments.  
10 Landlords don't want the programs. Landlords don't  
11 want children. It's very hard--

12 CHAIRPERSON TORRES: [interposing] Right.

13 NAKITA THOMPSON: --and so I'm not sure  
14 how NYCHA and HPD battle with that, but I don't--I-I  
15 don't have enough information to say that NYCHA and  
16 HPD are doing enough.

17 CHAIRPERSON TORRES: Now, even though  
18 it's a modestly sized institution the Human Rights  
19 Commission, the City Council was at the forefront of  
20 dramatically boosting the budget and enforcement  
21 capabilities of the Human Rights Commission. Just  
22 based anecdotally on your experience, do you believe  
23 that that has had a--an appreciable impact in curbing  
24 sources of income discrimination, or do you feel like  
25 the problem is as bad as it's ever been?

2 NAKITA THOMPSON: I haven't seen—I can't  
3 say since this increase has happened that I—that—that  
4 I've seen or our organization has seen that it's had  
5 a big impact. Not yet. Not what we're hearing from  
6 unrepresented litigants and Housing Court tenants.  
7 We're not getting that from them. That's not my  
8 experience.

9 CHAIRPERSON TORRES: That's good to know.  
10 Thank you so much for your testimony.

11 NAKITA THOMPSON: Thank you.

12 VICTOR BACH: Thank you.

13 CHAIRPERSON TORRES: So this is the final  
14 panel. This we'll submit for the record, the  
15 following testimony received from Live On New York,  
16 Supportive Housing Network of New York, Citizens  
17 Committee for Children of New York, and the Rent  
18 Stabilization Association Bi-Partisan.

19 [gavel]

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date October 19, 2016