

**TESTIMONY OF THE LEGAL AID SOCIETY  
BEFORE THE NEW YORK STATE DIVISION OF HOUSING AND  
COMMUNITY RENEWAL (DHCR) ON THE  
NEW YORK STATE 2007 ANNUAL ACTION PLAN**

September 28, 2006

The Legal Aid Society is one of the oldest and largest providers of legal assistance to the poor in the United States. The Society's Civil Practice operates 14 neighborhood offices and city-wide units serving residents of all five boroughs of New York City providing comprehensive legal assistance in housing, public assistance, and other civil areas of primary concern to the poor. The Society is counsel on numerous class-action cases concerning the rights of public housing residents and is counsel to the New York City Public Housing Resident Alliance. We work closely with the Community Service Society on public housing issues.

We very much appreciate the opportunity to testify before the DHCR.

NYCHA faces a \$168 million annual operating deficit. The NYCHA proposals in the draft FY 06 Plan Amendment and the FY07 Plan include ceiling rent increases, the use of Section 8 voucher funds to support State and City-assisted public housing, and a yet-unwritten Moving-to-Work Proposal to HUD for greater flexibility. These proposals are intended to close the operating gap.

The deficit is significant. It must be addressed. Closing the deficit is a major objective of the NYCHA Plans. We believe the deficit is largely the result of government funding cuts and shortfalls---at all levels of government, although Washington plays a major role.

NYCHA developments are mostly the federal government's responsibility. The federal government paid for the construction of most of NYCHA's developments and gives annual

operating and capital allotments for their maintenance. However, the State of New York paid for the construction of 12,180 units in New York City which are not the federal government's responsibility, but are State public housing. There are an additional 6,000 units of state assisted public housing elsewhere in New York State. NYCHA estimates that the State units should receive \$57 million a year to operate them and have massive deferred capital needs. Since 1998, the governor has eliminated all operating funds for these units. Prior to 1998, the state only contributed \$11 million toward the state developments' operating expenses – far below the actual amount it costs to operate these developments.

In addition, the State has shortchanged NYCHA on public assistance rent payments. Under special cost-saving agreements, the State and City pay NYCHA very low rents on behalf of public assistance households. For instance, NYCHA receives a "shelter grant" or "welfare rent" of only \$137 monthly for a 2-bedroom apartment occupied by a publicly-assisted family. That is well below NYCHA maintenance and operating costs. In 1993, these rent levels were raised for new public assistance families in State/City-assisted housing ---to "shelter allowance" levels (\$400 now for a 3-person family.) But in 2005, the State limited those rent payments to 30-percent of household income, which often falls below the shelter allowance.

Since the City and State each pay 25-percent of TANF public assistance, and 50-percent of Safety Net assistance, these arrangements save them money. But it deprives NYCHA of adequate rents to meet its operating costs. In 2002, over a quarter (27%) of NYCHA households received some income from public assistance.

We recommend restoration of annual State funding for operating and capital subsidies at the level required to preserve State public housing.

We also recommend that the State increase the shelter grant and rent payments to

NYCHA for public assistance families. Current payments do not cover NYCHA operating costs and contribute to the deficit. The failure of the State to make payments to support its public housing has real and dramatic consequences. NYCHA has proposed rent increases for some of the poorest New Yorkers and will take needed Section 8 vouchers away from the Section 8 waiting list of 125,000 families. The State's failure is putting all public housing and Section 8 housing in jeopardy.

Respectfully Submitted:

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