

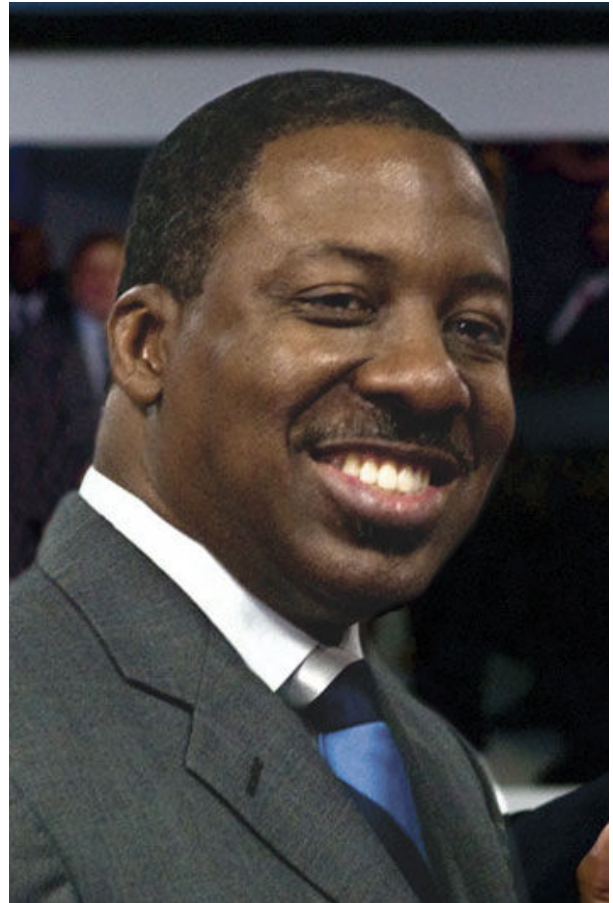
Council Questions HA Deal With Developers On Section 8 Housing

By DAN ROSENBLUM | Posted: Friday, February 13, 2015 5:00 pm

Lawmakers last week questioned the process leading to a public-private partnership between the Housing Authority and developers who bought a 50-percent stake of its Section 8 units. Though the agency said the agreement is already proceeding, Teamsters Local 237, which represents more than 8,000 HA employees, is considering a lawsuit or a collective-bargaining challenge over the relocation of HA workers, according to its president, Gregory Floyd.

While the agency is known for its 334 public-housing developments, it also handles 875 subsidized Section 8 units in six projects in The Bronx, Manhattan and Brooklyn. In the recent \$465-million deal, Triborough Partners, a company formed by the HA and two developers

—L&M Development Partners and Preservation Development Partners—owns the units. Officials said that \$80 million will be spent on capital repairs that include renovating apartments, repairing roofs and facades, and installing new kitchens and bathrooms.



Floyd_Gregory

GREGORY FLOYD: Determined to head off transfers.

A Source of Income

Speaking during a Feb. 10 hearing by the City Council's Public Housing Committee, HA Chair Shola Olatoye said the sale signaled a potential direction for an agency that has seen consistent budget cuts since the 1990s. "This project was the only solution to the underfunding issues experienced at our project-based Section 8 developments for decades," she said.

A management company will handle day-to-day operations and the companies have pledged to hire HA residents for one-fifth of construction positions and half of maintenance jobs. So far, 21 residents have been hired and 16 HA employees have been transferred to other developments.

Mr. Floyd in his testimony said he didn't necessarily oppose the concept, especially considering the years of neglect of low-income housing, but was bothered by the closed-door dealing. "Had the Authority talked to us, we would have explored having NYCHA manage the facilities," he said. "Our workforce is the best when they are provided adequate manpower and resources."

But he said that the HA may have violated Local Law 63, which sets rules for how civil servants can be outsourced by private contractors, and that Local 237 may file an improper practice petition with the Office of Collective Bargaining or go to court to challenge the agency for "unilaterally" moving the workers without consulting the union.

'Not a Done Deal'

"Any change in working conditions has to be discussed," he told this newspaper.

He took issue with the HA describing the plan as already finished. "That's how they describe it, but a lawsuit can stop it," he said. "Do they have the authority to do it? I wouldn't say it's a done deal."

Mr. Floyd also questioned the labor practices of the two developers and saw the plan as a step toward privatizing the HA.

The threat carries over acrimony stemming from contract negotiations between HA and the local, whose public-housing members have been working under an expired contract since December 2010. Mr. Floyd has said the HA was seeking work-rule changes in the ongoing bargaining round without formally speaking to the union. "I think NYCHA is the most anti-labor city agency that we've ever had," he said.

Council's Concerns

During the Council hearing, lawmakers were concerned whether the units would continue to stay affordable after a 30-year agreement expires, about a lack of communication with tenants and the potential for contractors to break wage laws and create unsafe working conditions.

Manhattan Borough President Gale Brewer told the Council she was disturbed that only two of the four Manhattan properties shared the agreement with tenants. She also had "broader concerns that this public-private model will trigger a wave of partial or full privatizations of public housing beyond these six projects."

Rents for the roughly 2,041 residents will not change and units will continue to be set aside for those receiving Federal rent subsidies for the immediate future, Ms. Olatoye said. She said the partnerships reflect trends occurring in other public-housing developments across the country: "Given the continued lack of support from Washington, we would be negligent in our

responsibility to our residents if we did not harness the tools that other public-housing authorities have demonstrated work well to preserve and protect their housing stock.”

In Need of \$48M

The units need \$48 million in capital improvements over the next five years, funding which is in short supply in the beleaguered agency. One development, Milbank-Frawley Houses in Harlem, needs \$15 million, according to the HA.

Speaking to reporters during an unrelated press conference the following day, Mayor de Blasio said he knew too little of the deal to comment and declined to say whether he signed off on it. “We’re obviously making some very substantial investments in NYCHA to try and fix a lot of the problems of the past—and that we’re not going to take action on developing questions without a real, involved effort with the tenants and with the surrounding communities,” he said.