



**Testimony of  
Victor Bach, Senior Housing Policy Analyst  
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at  
Oversight Hearings on  
The Section 3/Resident Employment Program and  
NYCHA’s Use of the Federal Stimulus Dollars  
held by  
New York City Council Subcommittee on Public Housing  
October 1<sup>st</sup>, 2009**

The Community Service Society (CSS) is an independent nonprofit organization that, for over 160 years, has provided innovative solutions to the problems facing low-income New Yorkers. As part of its efforts to expand and improve employment opportunities, CSS recently released a report—*Making the Connection*—that focuses on the potential role of the New York City Housing Authority (NYCHA) in linking its residents with the job and training opportunities that the authority generates. I attach the report to this testimony and thank the Subcommittee for this opportunity to air the issues.

**Why Focus on NYCHA?**

We focused on NYCHA for several reasons. Each year NYCHA receives billions of dollars in federal HUD funding that, with the rents paid by residents, underwrite the authority’s operating/maintenance expenses and ongoing capital improvements. For 40 years, the Section 3 provision of the 1968 Housing Act has required authorities to exercise best efforts to see that HUD funds are put to maximum use to provide job and training opportunities for low-income residents. Unfortunately, Section 3 has been weakly implemented by most authorities and hardly enforced by Washington. Like most housing authorities, whose strengths are primarily in housing management and development, not in workforce development and job placement, NYCHA’s Section 3 efforts have been minimal to date.

With the recent infusion of \$423 million in federal ARRA stimulus funds for NYCHA capital projects, in the midst of the worst economic recession since the Great Depression and rising, double-digit unemployment for minority workers, new attention needs to be paid to expanding NYCHA’s capacity to link residents with the economic opportunities that HUD funds potentially generate. There are signs that NYCHA is moving forward. We hope this hearing will open up discussion of the authority’s plans and pending initiatives.

## **Labor Force Participation and Unemployment Among NYCHA Residents**

The CSS report set out to gauge the size and characteristics of the labor force represented by NYCHA residents and of the subgroup of unemployed residents who are actively seeking work. Using the NYC Housing and Vacancy Survey, we found that in 2005—during the good economic times—there were 231,000 working-age NYCHA residents. About two-thirds (64%) were engaged either in the active labor force or in school. Over two out of five (42%) were working at the time of the survey, another 9 percent were unemployed and seeking work, 13 percent were in school or training. The overall unemployment rate for residents was 17 percent, a relatively high rate, but one that was equivalent to what low-income black and Latino workers were experiencing, even in 2005, across the city as a whole.

NYCHA's unemployed work-seekers totaled 20,000 residents. Most (62%) were women, most are black or Latino. Nearly half of the unemployed (48%) were located in Brooklyn, another quarter (26%) in Manhattan. More than a third of unemployed residents do not have a high school diploma, a factor that underlines the importance of GED programs as an integral part of the authority's Section 3 efforts.

Occupational experience among NYCHA residents—employed and unemployed—is varied and impressive. The largest occupational grouping, about 20 percent of the NYCHA labor force, were office and administrative support workers. Another ten percent were in health care related services. But experience differs for men and women: Women dominate the office (24%) and health care (14%) sectors, while men have most experience in office work (14%), cleaning/building services (12%), construction trades (11%), and transport-related work (11%).

While not all unemployed residents would seek or accept NYCHA-related opportunities, the sheer scale of unemployment among residents dwarfs the meager accomplishments of the authority's Section 3 efforts to date. Clearly something needs to be done.

### **Where Do We Go From Here?**

In Washington, Representative Nydia Velazquez is putting forward a bill—the Earnings and Living Opportunities Act—which promises to strengthen Section 3 in several ways: greater accountability will be required of agencies receiving HUD funds; residents of federally-assisted housing will have top priority for job/training and placements that are generated; and a private right of action will allow grievances to be brought to court and ultimately strengthen enforcement.

But the primary initiative needs to be local. We trust the Council will continue its oversight of the authority's Section 3 efforts as NYCHA moves forward with reforms and new initiatives, which it seems about to do. In its oversight role, we would suggest that the Council be mindful of several issues:

- 1) **NYCHA cannot do it alone—an effective Section 3 effort needs to be a close collaboration between the City and the housing authority.** It needs to link NYCHA with workforce development agencies and organizations that have experience and

expertise in job placement and training. Among City agencies that would include the Human Resources Administration (HRA), the Small Business Services Division (SBS), and the Division of Youth and Community Development (DYCD). Community-based nonprofits experienced in workforce development should also be considered potential partners. That kind of collaboration is essential to expand NYCHA's present capacity to reach and serve unemployed residents.

- 2) **The question of the scale of Section 3 initiatives is also critical.** We would estimate, based on the 2005 data, that at present there are close to 30,000 NYCHA residents who are unemployed and seeking work in a severely depressed economy. While small demonstration programs provide an opportunity to experiment with and evaluate new approaches, this is not a time when promising approaches should be tried in a single development here, and another development there. NYCHA's weak Section 3 track record to date point to the inadequacy of token efforts. It may not be possible to "go to scale" to address the full range of unemployment across NYCHA's 340 developments, but new initiatives should, at the least, be tried in multiple settings. For instance, NYCHA unemployment levels differ by borough, ranging from a 21 percent high in Brooklyn to rates between 13 and 15 percent in Manhattan, Brooklyn, and Queens. Demonstration program sites should be strategically selected to test the program in differently challenging settings that more closely approach the full scale of unemployment problems among NYCHA residents.
- 3) **The Section 3 effort should include the key players.** New initiatives should also include contractors and labor unions participating in NYCHA contracts, not only because they are subject to Section 3, but because they are in position to open up opportunities to residents. Jobs and apprenticeship pipelines generated by NYCHA contracts should be "tagged" by participating workforce development agencies as priority opportunities for public housing residents. In addition, established resident leaders should be consulted and included in the development and monitoring of Section 3 initiatives—they may be the ultimate experts on the most effective ways to reach and link resident work-seekers with available opportunities.
- 4) **Council monitoring and oversight of NYCHA's ARRA/Section 3 effort needs to be ongoing, with scheduled hearings over the next year.** Since ARRA funds support one-time capital projects that must be completed within two years, it is important that Council maintain a continuous presence—perhaps hearings every six months—in monitoring the progress of NYCHA Section 3 initiatives over the coming year.

Thank you.