

HOW NYCHA CAN CONNECT RESIDENTS TO OPPORTUNITY EVEN IN HARD TIMES.

POLICY BRIEF

THE HOUSING ROLE IN WORKFORCE DEVELOPMENT

Challenge to the New York City Housing Authority

October 2011

THE HOUSING ROLE IN WORKFORCE DEVELOPMENT: Challenge to the New York City Housing Authority

By Victor Bach and Tom Waters

In the midst of a jobless economic recovery with sustained, high rates of unemployment, the New York City Housing Authority (NYCHA) faces an unprecedented challenge.

Section 3 of the 1968 Housing and Community Development Act requires public housing authorities and other agencies receiving federal housing funds to use these resources to maximize job and training opportunities for low-income residents, particularly those benefiting from federal housing assistance.¹ In effect, the statute obligates an authority to go beyond its core housing mission and play a role in the development of its resident labor force—working-age residents who participate in the labor market either by holding a job or actively seeking work.²

NYCHA owns and manages 180,000 public housing units in 340 developments; it also provides Section 8 Housing Choice Vouchers that assist 97,000 households living in private rentals across the city. In early 2008, before the economic recession struck the city, its resident labor force

included an estimated 137,000 public housing residents and 67,000 voucher residents, a total of 204,000 individuals engaged in the labor market. Their unemployment rate that year was an estimated 10 percent, the lowest since the city's post-9/11 economic downturn.³

Internal NYCHA estimates of current resident unemployment run high but are not officially verifiable.⁴ Anecdotal reports of rising rent arrears in public housing point to the growing income stresses and hardships under which assisted households are living, even at affordable rents.⁵ This analysis estimates that, as of 2010, the combined unemployment rate for public housing and voucher residents had reached about 27 percent, nearly triple the 10 percent rate in 2008, two years earlier. An estimated 30,000 to 34,000 public housing residents were unemployed, compared to 13,000 in

The Community Service Society of New York (CSS) is an informed, independent, and unwavering voice for positive action representing low-income New Yorkers. CSS addresses the root causes of economic disparity through research, advocacy, and innovative program models that strengthen and benefit all New Yorkers.

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2008; between 20,000 and 24,000 voucher residents were unemployed, compared to 8,000 in 2008.⁶

The rapid escalation in job losses and concomitant declines in resident income have occurred since late 2008 when the economic recession struck the city.⁷ The challenge for NYCHA, which normally operates with inadequate federal funding, and is now threatened with further Washington budget cuts, is to find ways to leverage its limited resources to sustain its resident labor force in an extremely unfavorable employment climate.

Even in a difficult economic environment, there are emerging opportunities that make it possible for the Authority to respond to a resident workforce struggling with high unemployment:

- A recent determination by the federal Department of Housing and Urban Development (HUD) requires the New York City Police Department (NYPD) to comply with Section 3, in return for the \$73 million it receives annually from NYCHA for “special police services” under a non-expiring 1995 Memorandum of Understanding with the city.⁸ If, as part of a compliance agreement, the NYPD provides restitution for lost opportunities over the 16 years it overlooked the law, the stakes are even more considerable.⁹

- New York City’s broader workforce development arena is undergoing major reform following a recent mayoral report that found the city’s multiple programs uncoordinated.¹⁰ Task force efforts are underway to streamline the overall system and better serve young adults and other high-need populations. NYCHA occupies a seat on the city’s public-private Workforce Investment Board (WIB), which oversees these programs. Its participation in task force deliberations provides an opportunity for the Authority to strengthen the linkages between its resident constituency and the local network of workforce development programs, so as to promote fuller utilization of these resources by residents.

- Mayor Bloomberg’s recently announced Young Men’s Initiative, a mobilization of public and private resources to address the obstacles young black and Latino men face in attempting to enter the city’s economic mainstream, is another cause for optimism in the midst of a dismal economic climate. Nine out of ten NYCHA-assisted households are black or Latino. Men of color constitute a third of NYCHA’s resident labor force, and, as this report confirms, they are most at risk of structural unemployment, even during a growth cycle in the local economy.

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The Authority’s core mission is, of course, housing, to channel the billions of dollars it receives annually in HUD funds to provide affordable housing for low-income New Yorkers. Yet, as a housing provider and the city’s largest landlord, NYCHA is inevitably impacted by economic setbacks among its residents. Lower out-of-pocket rents paid by tenants as household incomes decline mean a loss in rental revenues.¹¹ Rising rent arrears, attendant legal costs, and the negative images of termination hearings and pending evictions are causes for concern. Apart from any statutory or moral obligation, the Authority has every incentive to promote the economic advancement of its residents.

NYCHA has several strategic roles it can play. It can strengthen its Section 3 initiatives, for which NYPD compliance is a major, new opportunity. It can use its institutional leverage within the city’s workforce development system to expand resident’s access and increase their use of available resources. In addition, NYCHA has a wealth of facilities, including 135

community centers and 122 senior centers located in public housing developments, some of them underutilized or closed, that are available to house training and workforce development programs.¹² Finally, NYCHA can exercise initiative and cull support for strategic new programs to strengthen resident qualifications and expand employment

The challenge for NYCHA, operating with inadequate federal funding, and now threatened with further Washington budget cuts, is to find ways to leverage limited resources to sustain its resident labor force in an unfavorable employment climate.

opportunities. The experimental Jobs Plus demonstration programs, in East Harlem and the South Bronx, in collaboration with the Mayor’s Commission on Economic Opportunity (CEO), Human Resources Administration (HRA), and CUNY are good examples. A Resident Training Academy has been set up in the Red Hook neighborhood, in partnership with the Robin Hood Foundation. NYCHA’s ambitious Green Agenda includes an initiative to prepare young people for jobs in the green economy. A recently implemented “zone model” approach is being explored in several public housing neighborhoods to link residents with appropriate resources in the community.¹³

The current employment crisis is, in a sense, an opportunity for NYCHA to play a more strategic role in the development of its resident workforce. There are already signs it has begun to do so. NYCHA faces a daunting challenge at this time, one that may also be a singular opportunity for the Authority to address long-standing obstacles many of its residents face in the labor market. This report attempts to frame the dimensions of the challenge and point to promising directions for the near future.

NYCHA In Brief

For nearly eight decades, NYCHA has been recognized as a well-performing public housing authority in an industry littered with many large-city casualties—Chicago, St. Louis, Newark, and Atlanta among the more notable. Unlike them, New York is considered an exception, an outlier, for several reasons.

The first is sheer scale. NYCHA’s 340 public housing developments comprise the nation’s largest public housing program, a virtual subcity with a population of over 500,000 residents, roughly one out of every 16 New Yorkers. It also administers the nation’s largest Section 8 Housing Choice Voucher Program, another 290,000 residents. In total, NYCHA’s resident population represents one out of every ten New Yorkers.

Given its size, the Authority could be expected to be vulnerable to the problems that have beset the national program—high poverty concentrations, segregation, fiscal insolvency, poor or callous management, serious physical distress, high turnover, and vacancies. That it has not succumbed and is still highly regarded is a signal accomplishment.

NYCHA has managed to avoid the extreme concentrations of poverty found in public housing in other large cities. In 2008, its median household income was \$20,700, well above any other large housing authority. This does not mean that NYCHA accommodates a smaller proportion of the poor. According to HUD statistics, about 41 percent of its public housing families have incomes within the federal poverty level, a rate comparable to other large-city authorities.¹⁴ It means that NYCHA’s income spread includes a wider, more diverse band of resident economic circumstances, with a relatively high proportion of working families. That the Authority, over time, has housed a diverse income mix of tenants in public housing is no accident. Its admission policies, now dominated by a “working family preference,” promote diversity. Tenant retention policies, such as “ceiling rents,” were designed to encourage families to remain in the community as their economic circumstances improved.¹⁵

Compared to other large-city housing authorities, NYCHA's vacancy rate is low.¹⁶ The low turnover rate and the size of its waiting list—about 130,000 families every year—attest to the continued high demand for public housing apartments, in part due to the chronic, severe shortage of low-rent housing in the city's tight, high-cost rental market.

NYCHA is not without its critics. Residents justly complain about building management and administration, about accelerating physical deterioration and year-long waits for needed repairs, about NYCHA's authoritarian, paternalistic bureaucracy. Advocates continually press for more transparency and accountability from the mammoth institution. The public hearing held each year on the NYCHA Draft Annual Plan, as required by federal law, is a singular event that brings together a wide range of vocal NYCHA detractors.

Yet the Authority's relative success is no assurance of its continuity. Like other housing authorities, it is in a struggle to survive, contending with the vicissitudes of Washington housing priorities and budgets, and the chronic underfunding of public housing for the past three decades. Although billions of HUD dollars flow through NYCHA annually, making it a major institutional contractor and a local engine of economic activity, the federal allocations are inadequate, particularly with respect to the Authority's needs for long-term capital improvement. Until very recently, NYCHA ran a large annual operating deficit, as high as \$170 million, largely due to broken state and city promises to support operations for 21,000 units they originally financed that were ineligible for federal funding.¹⁷

Chronic starvation levels of federal funding for public housing capital improvements (in an aging infrastructure) have resulted in a national backlog estimated by HUD at \$26 billion across the program.¹⁸ NYCHA estimates its backlog in capital improvements at \$7 billion, which helps account for the accelerating physical deterioration of its infrastructure and mounting tenant demands for repairs.

Some critics would nominate NYCHA as one of the city's "worst landlords" because of deteriorating conditions and

delayed repairs. That NYCHA maintains its credibility with residents, and continues to be recognized as an exemplary housing provider, is the result of a delicate institutional balancing act. In the face of chronic federal underfunding and rising resident dissatisfactions about conditions, the Authority manages to maintain an image of itself as a persevering institution that "tries hard" and plans to survive for at least another 75 years.

The NYCHA Resident Constituency

NYCHA housing assistance, through its public housing and Section 8 voucher programs, accounts for roughly one out of ten New York households. But the extent of the Authority's reach into the lives of low-income New Yorkers is far greater.¹⁹

In any recent year, more than half (56%) of the city's 575,000 poor households passed through NYCHA's virtual doors, either as public housing residents, as voucher holders, or as candidates on one of its waiting lists.

The NYCHA resident constituency can be divided into three subgroups:²⁰

- those living in public housing (173,000 households);²¹
- those with Section 8 vouchers who live in private rental units in the city (97,100 households);²²
- waiting-list households on either of its two lists—one for public housing admission (134,000 households), the other for vouchers (124,000 households).²³

As a whole, the NYCHA resident constituency consists predominantly of low-income households, with incomes within twice the federal poverty level. In 2008 most households in public housing (73%) were low-income and

nearly half (45%) were poor.²⁴ Section 8 voucher holders had somewhat lower incomes: over four-fifths (82%) were low-income, and half (49%) were poor. When the two programs are combined, NYCHA residents constitute a significant portion of the city’s poor and near-poor households, about one out of every four poor New York households and one out every five low-income households. (See Chart 1.)

The waiting lists for public housing and Section 8 vouchers, 134,000 and 124,000 families, respectively, in late 2010, are predominantly “extremely low-income” households (73% and 77% , respectively),²⁵ who fall roughly within the federal poverty levels. Nearly all fall into the low-income range. As a rule, those who wait are poorer and needier than those already assisted.

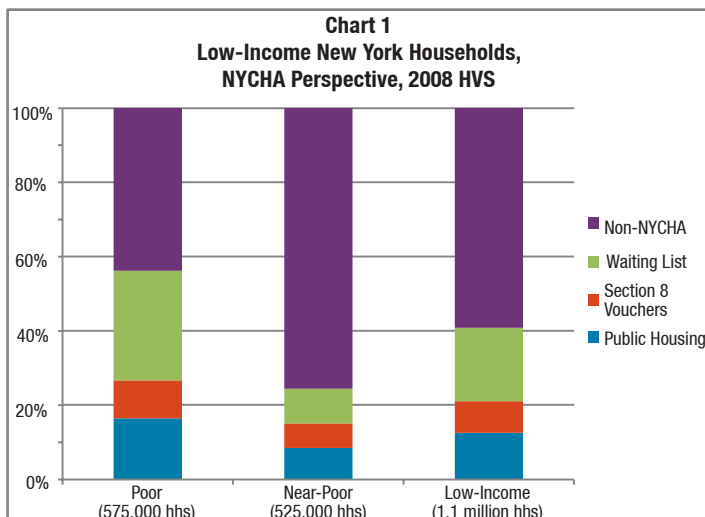
When the three subgroups are combined, it is striking that the Authority’s reach extends to a large portion of low-income New Yorkers. In any recent year, more than half (56%) of the city’s 575,000 poor households passed through NYCHA’s virtual doors, either as public housing residents, as voucher holders, or as candidates on one of its waiting lists. And four out of ten (41%) of the city’s 1.1 million low-income households—the poor and the near-poor—have a similar link with the Authority.

The figures underline the position NYCHA occupies as a “central” institution in the lives of low-income New Yorkers. Moreover, the Authority has unique institutional access to

them: it knows how to contact them, much about where and how they are housed, and can track their changing income and employment status through annual re-certifications of already assisted households and periodic updates of the waiting lists. Because of the federal community service requirement imposed on public housing residents, it has reason to know which working-age adults are employed, or in school or training, or jobless.²⁶ The potential for the Authority to communicate with its large number of low-income “subscribers”—about education and training opportunities, about employment-related resources—is enormous.

While it can be argued that NYCHA is, after all, only a housing authority, not a broad-purpose local government or a workforce development agency, the Section 3 mandate charges public housing authorities with something more than housing provision, and inevitably links them to the workforce development arena, particularly in the midst of a period of severe unemployment. NYCHA represents a major nexus, a unique crossroads for the city’s most economically vulnerable populations. Perhaps no single local agency or institution, short of the transit and hospital systems, encounters that large a portion of the city’s low-income, low-wage households.

Yet NYCHA’s character and potential as a “social agency” goes largely unrecognized, overshadowed by its specialized housing mission. The Authority has not been a principal player in local/state workforce development policies, or in government policy decisions to address the broader non-housing needs and wants of the city’s 1.1 million low-income households. Whether and how it might play a larger role is an open question.



The Resident Labor Force: The 2002 to 2008 Experience

The period between 2002 and 2008 offers a virtual “laboratory” in which we can track what happened to the NYCHA resident labor force in the six years during which the city emerged from the post-9/11 downturn in 2002 and moved into an accelerated economic growth cycle through the “good times” of 2008 before the recession struck. It is also possible to identify those resident groups who made employment gains during the growth cycle, and those who were most likely to be unemployed, left behind even as opportunities expanded. The distinction is similar, though not identical, to the difference between the “cyclically” unemployed, whose job status is largely influenced by cycles in the local economy, and the “structurally” unemployed, who face obstacles even in a favorable labor market. Residents who fall into the latter group pose the greater challenge to NYCHA’s Section 3 and related workforce development efforts. They are where strategic investments most need to be considered.²⁷

To track resident labor force participation and unemployment trends, we use the New York City Housing and Vacancy Survey (HVS), which is conducted triennially by the U.S. Census Bureau. Although designed primarily to track rental vacancy rates, housing occupancy characteristics, and conditions, the HVS includes a battery of questions relevant to labor market analysis. The advantage of the HVS is its detail with respect to various housing contexts, such as public housing and Section 8 voucher households, among others. The more authoritative Department of Labor (DOL) data on local employment and unemployment cannot be disaggregated by housing context. Unfortunately, the most recent HVS was conducted early in 2008, before the impact of the economic recession in New York was felt.²⁸ Data from the 2011 HVS, conducted earlier this year, will not be available for analysis for some time. (In a subsequent section, the DOL and the HVS data are used to extrapolate unemployment trends as of 2010.)

A Growing Resident Labor Force, Declining Unemployment

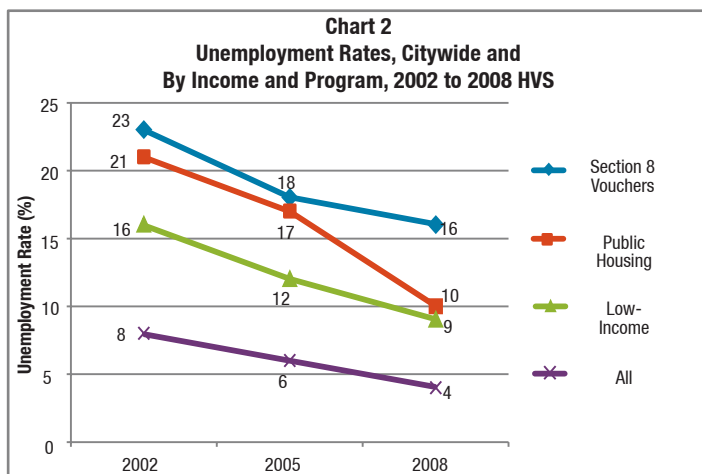
During the six-year economic upturn from 2002 to 2008, the NYCHA resident workforce grew from 192,000 to 204,000 residents, by about 6 percent, a rate that paralleled the DOL trends for growth in the citywide workforce.²⁹ (See Table 1.) In 2008, two-thirds (67%) of the resident workforce were located in public housing, and a third (33%) in voucher-assisted units, roughly in proportion to the size of the programs. Some of the workforce growth no doubt came from an increase in the number of voucher-assisted units over the period, from 79,800 to 87,400 apartments.³⁰ Nevertheless, the figures indicate significant increases in resident employment in both programs.

The number of working residents across the programs grew by 22 percent. Among voucher residents the 26 percent increase in the number of employed outpaced the 10 percent increase in voucher-assisted units. The total numbers of unemployed dropped substantially, to half their levels in 2002. In short, the steady growth cycle in the local economy had a marked positive impact on resident employment and participation in the job market.

		2002	2005	2008	2002-8 Change
Labor Force	Public Housing	130,600	128,900	137,300	+5.0%
	Section 8 Vouchers	61,500	57,700	67,000	+8.9%
	TOTAL	192,100	186,600	204,300	+6.4%
Working	Public Housing	103,200	108,300	124,200	+20.3%
	Section 8 Vouchers	47,000	47,600	59,200	+26.0%
	TOTAL	150,200	155,900	183,400	+22.1%
Unemployed	Public Housing	27,400	20,600	13,100	-52.2%
	Section 8 Vouchers	14,500	10,100	7,800	-46.2%
	TOTAL	41,900	30,700	20,900	-50.1%

These shifts are also evident in HVS unemployment rates over the six-year period. Chart 2 compares citywide unemployment rates with those for NYCHA residents, and those for the city’s low-income labor force as a whole. Citywide rates, which dropped from a high of 8 percent in 2002 to a low of 4 percent in 2008, were consistently lower than those for the other groups. This is not surprising since the citywide workforce includes higher income, better educated, more skilled workers, and fewer who might face discrimination in the job market. Nevertheless, the unemployment trends for all groups follow a downward slope that, more or less, parallels the citywide rates.

The city’s low-income workers experienced a drop in unemployment from a rate of 16 percent to 9 percent over the six years. The unemployment picture also improved for NYCHA-assisted residents, but they fared less well than low-income New Yorkers as a whole. It is striking that by 2008 public housing residents reached virtual parity with low-income workers, indicating what expanding opportunities during an upward economic cycle can accomplish. Voucher households had consistently higher unemployment rates than their counterparts in public housing, with a widening 6-point difference between the two NYCHA resident groups. The difference suggests that employment among voucher residents is less influenced by cyclical upturns and may be more structural in nature. Several factors help account for these observed differences. (See Table 2.)



Among the variables considered, the major differentiators appear to be race/ethnicity and gender. The NYCHA resident workforce includes a larger portion of minorities—blacks and Latinos make up 88 percent of the labor force in public housing and 85 percent in voucher units, compared with 65 percent for the citywide low-income labor force. NYCHA residents also include a larger proportion of women (64%), many in single-parent households, compared to 53 percent of the low-income workforce, which is more male and white. Interestingly, the voucher resident labor force has a relatively high proportion of Latinos. It also has a significantly higher proportion of poor than public housing, consistent with voucher targeting requirements, which may help account for their differences in unemployment.³¹

Table 2
Selected Labor Force Characteristics, 2008 HVS
Low-Income vs. Public Housing, vs. Voucher Households

		Public Housing	S8 Voucher	Low Income
Race/Ethnicity	Black	47%	34%	26%
	Latino	41%	51%	39%
	White	7%	8%	19%
	Asian	5%	6%	16%
Income Level	Poor	22%	35%	33%
	Near-Poor	30%	31%	68%
	Higher	48%	34%	--
Education	Less Than High School	26%	29%	28%
	High School	33%	33%	36%
	Beyond High School	41%	48%	46%
Age	18 to 24	15%	16%	13%
	25 to 34	23%	24%	25%
	35 to 44	30%	29%	31%
	45 to 64	32%	31%	31%
Gender	Male	36%	35%	47%
	Female	64%	65%	53%
		(137,300)	(67,000)	(819,500)

The trends suggest that among the challenges that face NYCHA in extending Section 3 and workforce development opportunities to residents, the Section 8 voucher constituency represents the greater challenge. Moreover, unlike public housing residents, voucher residents may be at a disadvantage: they do not live in place-based communities where they can relate to each other, gain information, and develop common interests, around which they might organize. They are dispersed in individual private rental units and, as a result, are more difficult to reach or organize as a group than their public housing peers.

Growth Sectors for Resident Employment

The rising tide in the city economy opened up job avenues for NYCHA residents, even in the absence of major Section 3 initiatives. Which occupational sectors accounted for the job growth during the six-year period? Analysis of HVS occupational data over the six-year period indicates that several sectors tend to account consistently for nearly half of the jobs held by NYCHA residents: office/administrative support work is the dominant sector (17%), followed by sales-related jobs (10%), health care technical and support occupations (10%), and cleaning/building service occupations (10%).

During the 2002 to 2008 upturn, these sectors were also the major areas of employment growth for residents: sales-related jobs (9,800 increase), cleaning/building service occupations (9,500 increase), personal care and service workers (6,700 increase), and office and administrative support (6,400 increase). In addition, there were increases in construction trades (4,000 increase), food preparation services (3,200 increase), health care technical and support occupations (2,500 increase), and education/training/library workers (2,000 increase).

At the same time, residents absorbed some job losses in several sectors, particularly setters, operators, and tenders in manufacturing (3,000 loss), and engineering jobs (2,000 loss). But overall, the growth in employment occurred in the dominant service sectors in which residents hold jobs.

Changing Composition of the Resident Labor Force

The profile of the NYCHA resident labor force changed between 2002 and 2008, but there were also consistencies over time. Women consistently made up nearly two-thirds (64%) of the resident labor force, in proportion to their presence in the NYCHA working-age resident population, both in the public housing and the voucher programs. Moreover, the vast majority of the resident workforce (85% to 88%) were consistently black or Latino, reflecting their presence in the NYCHA population.

Within those parameters, the composition of the resident workforce underwent several notable shifts. The proportion of older participants, those over 45, grew from 25 to 32 percent of the labor force; their numbers increased from 51,400 to 64,700 workers, by about 26 percent. The rise in the number of older workers may be the effect of time passing, or it may also reflect qualifications and work experience that gave them an advantage as work opportunities expanded.

Latinos represented a growing subpopulation, rising from 40 to 44 percent of the resident workforce, an increase from 77,800 to 89,500 participants, marked by growing numbers of Latino women, from 50,300 to 59,200, an 18 percent increase. The proportion of black workers decreased from 49 to 43 percent of the resident labor force, most evident in declining numbers of black women who were active in the labor market, from 64,000 to 56,500 workers, a decrease of 12 percent. Whites and Asians maintained a consistent, if less visible, presence in the workforce over the six-year period.

Changes in the racial/ethnic composition of NYCHA-assisted households over the six years account for these trends. Latino households increased their presence in public housing, from 40 to 42 percent, and sustained the major share of an increasing number of voucher-assisted units. By 2008 Latinos rose from 29 to 40 percent of the voucher resident workforce. At the same time, the proportion of black households in public housing declined, from 49 to 47 percent.

By 2008 the resident workforce was somewhat better educated than the workforce of 2002. The proportion of participants who had not completed high school dropped from 31 to 27 percent of the labor force. At the same time, the number of workers who had gone beyond high school increased substantially from 64,200 to 81,800, an increase of 27 percent. The number who had completed college also rose rapidly from 20,200 to 29,000 residents, by about 44 percent. Nevertheless, by 2008 there was still a core of over 55,100 residents, over a quarter of the NYCHA resident workforce, who were working or looking for work without benefit of a high school diploma.

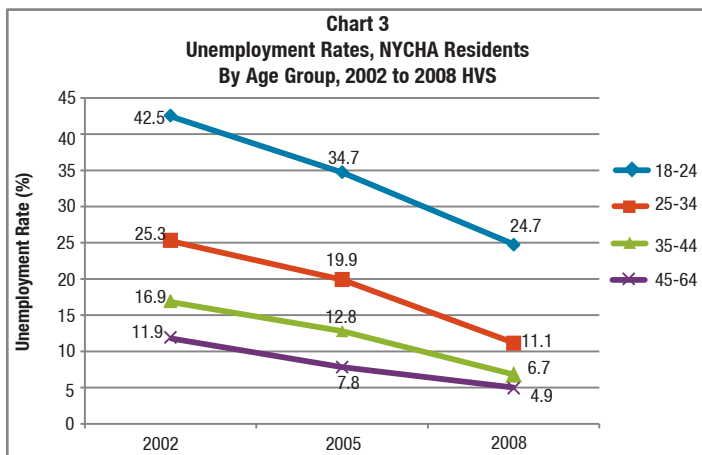
Who Was Most Likely to Be Left Behind?

This analysis attempts to determine which workers had the greatest difficulty gaining employment as opportunities expanded between 2002 and 2008. For each of several key variables—sex, age, race/ethnicity, and level of education—the analysis compares the proportion a particular resident group represents in the resident workforce with the proportion the group represents among the unemployed. Disparities between the two percentages indicate whether the group was overrepresented, underrepresented, or proportionally represented among the unemployed, and how its participation in the labor market shifted over the six years. The changing position of a given group over time indicates the extent to which it was absorbed or left behind as resident employment increased.

The results are not surprising. Those who experienced the greatest (structural) obstacles to employment during the six-year growth cycle were characteristically younger residents, particularly those under 25, most frequently black and Latino men rather than women, and particularly those who had not completed high school. In that, NYCHA residents are no different from other lower-income New Yorkers.³²

Age and Unemployment Age mattered as a persistent indicator of how likely a resident was to be employed. Younger workers were at a disadvantage. While all age groups benefited from declining unemployment over the six-year period, younger residents, particularly youth under 25, consistently experienced the highest unemployment rates, followed by residents between the ages of 25 and 34. (See Chart 3.) In 2008, unemployment rates for those under 25 were more than double those for the other age groups.

The age gap in unemployment widened over time, in that younger workers increasingly became a larger proportion of the unemployed. Although residents under 25 consistently represented 15 to 16 percent of the workforce, their share of the unemployed resident labor pool rose from 31 percent in 2002 to 49 percent by 2008. (See Table 3.) A similar, if less dramatic pattern was evident for workers between the ages of 25 and 34. Younger workers were more likely to be left behind as older workers were able to take advantage of growing opportunities.



	2002 Percent of		2005 Percent of		2008 Percent of	
	Lab Force	Unemp	Lab Force	Unemp	Lab Force	Unemp
18 to 24	16	31	16	34	15	49
25 to 34	26	31	25	30	24	36
35 to 44	31	24	28	22	30	19
45 to 64	27	15	31	15	32	15
	(100%)	(100%)	(100%)	(100%)	(100%)	(100%)

* Underrepresented Among Unemployed

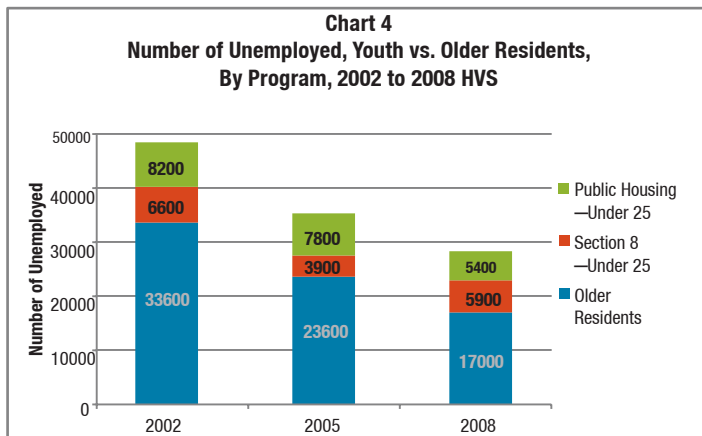
* Overrepresented Among Unemployed

The difference between youth and older workers is evident in the age composition of unemployed residents over the six years. (See Chart 4.) Over time, the proportion of youth under 25 rose from 31 to 49 percent of unemployed residents.

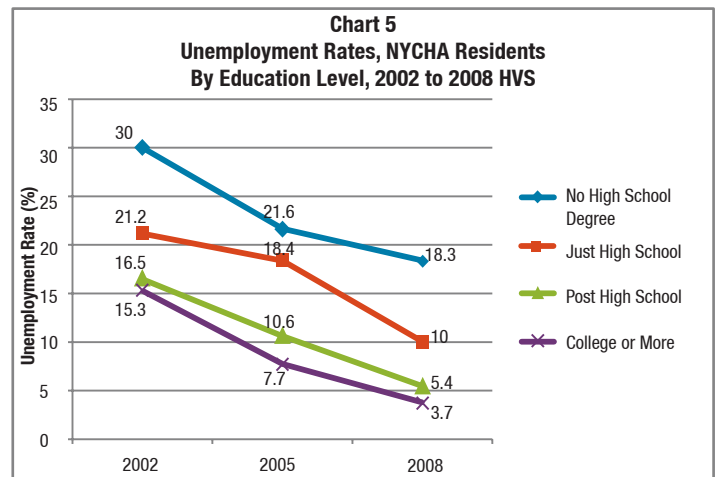
Older residents no doubt had several advantages: their relative maturity, the jobs they already held, and the work experience they could offer to new employers. The trends strongly suggest that NYCHA Section 3 and workforce development initiatives need to concentrate on opening up paths to work for younger members in the workforce who are most at risk of unemployment.

Education and Unemployment Despite some current debate over whether a college degree makes a difference in today’s depressed job market, it appears that the high school diploma made a significant difference in whether a NYCHA resident was employed or unemployed. In the six years of economic growth between 2002 and 2008, residents at all education levels benefited from expanding opportunities and declining unemployment. (See Chart 5.) However, those who had not completed high school maintained consistently higher unemployment rates. By 2008, workers without a high school diploma had an unemployment rate of 18%, nearly double the rate of those who had only completed high school (10%). The further a resident had gone in education, the lower the risk of being unemployed.

Over the six years, about three out of ten residents in the workforce had not completed high school and were consistently overrepresented among the unemployed.



(See Table 4.) As the labor market opened up between 2002 and 2008, they represented a growing proportion of those without jobs, increasing from 42 to 48 percent of the unemployed labor pool, while more educated residents made employment gains. Residents who had only completed high school and gone no further did far better by comparison—by 2008, their proportion in the workforce matched their presence among the unemployed. High school completion or a GED seems to make a significant difference in job prospects.



	2002 Percent of		2005 Percent of		2008 Percent of	
	Lab Force	Unemp	Lab Force	Unemp	Lab Force	Unemp
No High School Diploma	31	42	28	37	27	48
Just High School	36	35	39	44	33	32
Post High School	23	17	22	14	26	14
College Degree or more	10	7	11	5	14	5
	(100%)	(100%)	(100%)	(100%)	(100%)	(100%)

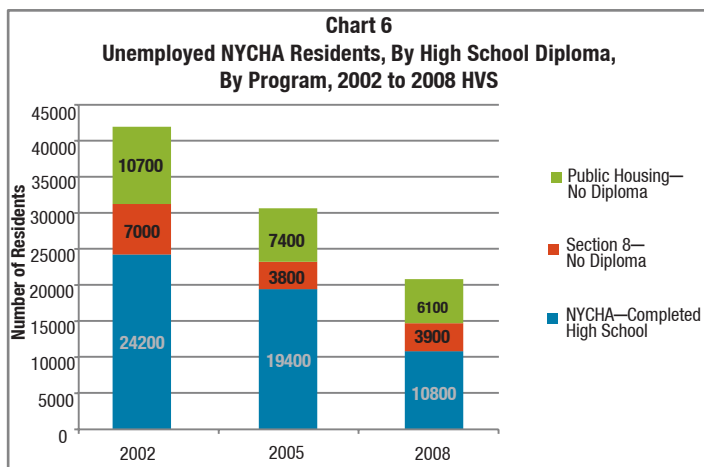
* Underrepresented Among Unemployed

* Overrepresented Among Unemployed

Residents without diplomas became a growing proportion of the unemployed. (See Chart 6.) In 2008, about 55,000 NYCHA residents, over a quarter of the resident labor force (27%), had not completed high school, but they constituted half (48%) of unemployed residents. While most (82%) of the 55,000 residents who were short of high school completion were working, about 10,000 were unemployed and seeking work.

NYCHA Section 3 and workforce development initiatives need to concentrate on opening up paths to work for younger members in the workforce, particularly black and Latino men, who are most at risk of unemployment.

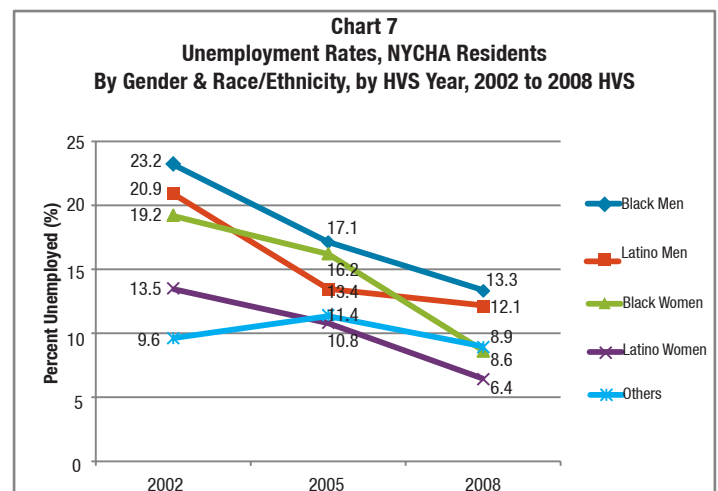
Given the current level of unemployment, these figures are large enough to suggest that there now exists a far larger pool of unemployed NYCHA residents lacking a high school diploma who should be encouraged to participate in GED preparation and adult education programs while they seek work, in order to improve their job qualifications and prospects over the long run. Under-education in the NYCHA resident workforce is of sufficient scale to merit special Authority efforts, if it can find the resources.



Gender, Race/Ethnicity, and Unemployment The rising tide of the local job economy from 2002 to 2008 benefited all groups as unemployment rates dropped consistently for men and for women, and for blacks and Latinos in general. (See Chart 7.) However, black men consistently experienced the highest unemployment rates, followed closely by Latino men. Women were far less likely to be unemployed—by 2008, their unemployment rate was between 6 and 8 percent, compared to at least 12 percent for men. Latino women, in particular, maintained the lowest unemployment rates, somewhat lower than for black women. As a combined group, whites and Asian residents experienced relatively low unemployment rates, which varied little over the six-year period.³⁴

It is striking that over the six years, racial/ethnic gaps in unemployment narrowed, while the differences between men and women remained substantial, with men at nearly twice the risk of being without a job. Gender differences became more pronounced over time, with women in the labor pool increasingly able to find work while men faced greater obstacles in the job market and were more likely to be left behind.

Black men were consistently overrepresented among the unemployed and the pattern persisted over time with relatively little change. (See Table 5.) The situation of Latino men was different, in that their share of



unemployment became disproportionately high only in 2008. In 2002, Latino men were 14 percent of the NYCHA labor force and 17 percent of the unemployed; by 2008 they were 15 percent of the labor force but 20 percent of the unemployed.

Over the six-year period, Latino women were consistently underrepresented among the unemployed, compared to their share of the resident labor force. Their growing presence in the workforce did little to increase their share of unemployment. By 2008, they represented 33 percent of the workforce, and only 19 percent of the unemployed.

There were some differences noted between the public housing and the voucher resident workforces. The lesser position of men in the labor market, particularly black men, was evident in both programs. Interestingly, women fared differently in the two programs. Black women in public housing did much better over time than their counterparts in voucher-assisted units; by 2008, they represented 30 percent of the public housing resident labor force, and only 24 percent of the unemployed. But the figures were reversed for black women in voucher households. The reasons are unclear.

	2002 Percent of		2005 Percent of		2008 Percent of	
	Lab Force	Unemp	Lab Force	Unemp	Lab Force	Unemp
Black Men	16	22	16	21	15	23
Black Women	33	36	31	37	28	26
Latino Men	14	17	16	16	15	20
Latino Women	26	19	28	20	33	19
Other Workers	10	5	9	6	12	13
	(100%)	(100%)	(100%)	(100%)	(100%)	(100%)

* Underrepresented Among Unemployed

* Overrepresented Among Unemployed

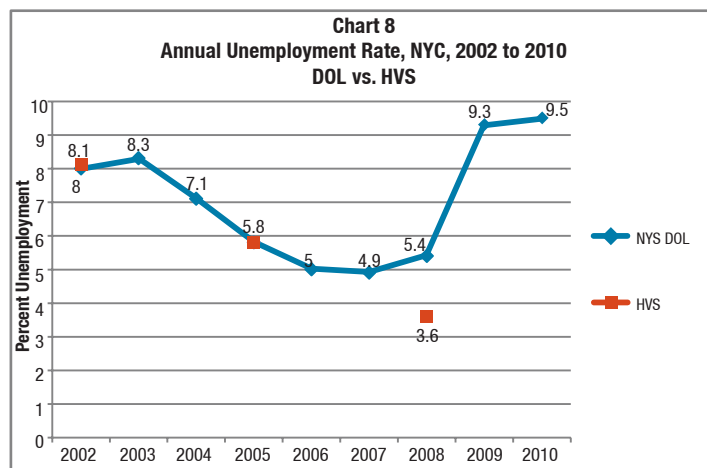
The Post-Recession Resident Labor Force: Estimating 2010 Unemployment

In the absence of the necessary data, there is no authoritative estimate of the extent of unemployment among NYCHA residents following the recession in late 2008. This analysis attempts an estimate for 2010, by using the citywide DOL trends to project forward from trends observed in the 2002, 2005, and 2008 HVS data for NYCHA residents.

On the whole, the two labor force trends—those from DOL and those derived from the HVS—have tended to mirror each other in recent years. Estimates of the size of the citywide labor force are comparable, although the HVS estimates consistently exceed the DOL estimates, by at most 4 percent in any year. (See Table 6.) Nevertheless, both trend lines are fairly consistent. Over the six-year period between 2002 and 2008, the size of the citywide workforce grew between 5 and 6 percent, reflecting an expanding local employment economy following the 9/11 recession, with most of the growth occurring in the last three years of the upward cycle.

Citywide unemployment rates were virtually identical for both sources in 2002 and 2005. (See Chart 8.) In 2008,

Source	2002	2005	2008	% Increase
DOL	3,729,500	3,756,800	3,932,000	5.4%
HVS	3,855,100	3,842,400	4,089,500	6.1%



however, the estimates diverged, with a 3.6 percent citywide unemployment rate registered in the HVS against a 5.4 percent rate estimated by DOL. The potential bias in the 2008 HVS data, toward more positive findings, a larger workforce and lower unemployment rates, may in part be due to timing differences. The DOL figures represent an annual average, while the HVS was conducted in early 2008 before the full weight of the national recession struck the city.³⁵

With estimates of 50,500 to 57,900 public housing and voucher residents unemployed, and an unemployment rate at 25 percent or more, it is imperative that the Authority do what it can to mediate the effects of the continuing unemployment crisis.

The trends reflect the city’s emergence between 2002 and 2008 from the post-9/11 economic downturn as it moved into an accelerated recovery cycle. According to DOL, the numbers of employed New Yorkers rose by 8 percent from 3.4 to 3.7 million workers, largely between 2005 and 2008. The HVS figures mirror a similar upward employment cycle, with a larger 12 percent increase from 3.5 to 4 million workers over the period.

The chart indicates the spike in citywide unemployment that occurred in 2009 once the recession fully struck the city and continued through 2010, and no doubt to the present. The impact of the recession on city employment is eminently clear. The question is how economic trends since the recession began impacted the NYCHA resident labor force.

Data for the successive HVS years from 2002 through 2008 point to a fairly consistent relationship between resident unemployment and the citywide unemployment rates. (See Chart 2.) If the relationship is maintained, it is possible to extrapolate estimated resident unemployment rates for 2010 from the average DOL figure for the year. For that purpose,

it is assumed that the ratio of the two rates—the NYCHA unemployment rate to the citywide rate—averaged across the three HVS years (spanning from high to low unemployment) will apply in 2010 to the DOL 9.5 percent unemployment rate. Because of differences in unemployment trends for the public housing and the Section 8 resident workforces suggest, the ratio is calculated and applied separately for each group. The method is described in Appendix B.

Assumptions also had to be made about the likely size of the public housing and voucher workforces for year 2010, particularly in light of an increase in voucher-assisted units from 87,400 to 97,100 between 2008 and 2010. The method used to estimate the size of the 2010 resident labor force is described in Appendix C. The results are displayed in Table 7.

As might be expected, the projected effect of the recession was a rapid rise in resident unemployment rates following its onset in 2008. In public housing, unemployment more than doubled, rising from 10 percent in 2008 to between 23 and 26 percent by 2010. The number of unemployed rose from 14,200 to over 30,000 public housing residents. For voucher residents, unemployment escalated from 16 percent to between 28 and 33 percent between 2008 and 2010, an increase from 7,800 to more than 20,000 unemployed workers, with some of the increase attributable to the increasing number of vouchers in use. In total, the size of the unemployed NYCHA resident population nearly tripled, from 20,900 unemployed in 2008 to between 50,000 and

	Labor Force Size	Estimated Unemployment			
		Low		High	
		Rate	Number	Rate	Number
Public Housing	132,300	23.1%	(30,100)	25.9%	(34,300)
Section 8 Vouchers	71,400	28.3%	(20,400)	33.0%	(23,600)
TOTAL	204,200		(50,500)		(57,900)

60,000 by 2010. The aggregated estimates are displayed in Chart 9, showing actual declines in the numbers of unemployed during the relatively good years between 2002 and 2008, and the sudden escalation between 2008 and 2010.

The estimates underline the daunting challenge the Authority now faces. The question is how much impact NYCHA can have in the midst of the present crisis, one which is likely to persist for some time as the job shortage continues. An expanded Section 3 agenda can accomplish only so much.

A resurgent economy does have an impact on the NYCHA resident labor force, as the growth from 2002 to 2008 makes clear. In the meantime, NYCHA is compelled to act on all fronts to promote workforce development options for its residents. What it can or should do are the strategic questions.

Conclusions and Recommendations

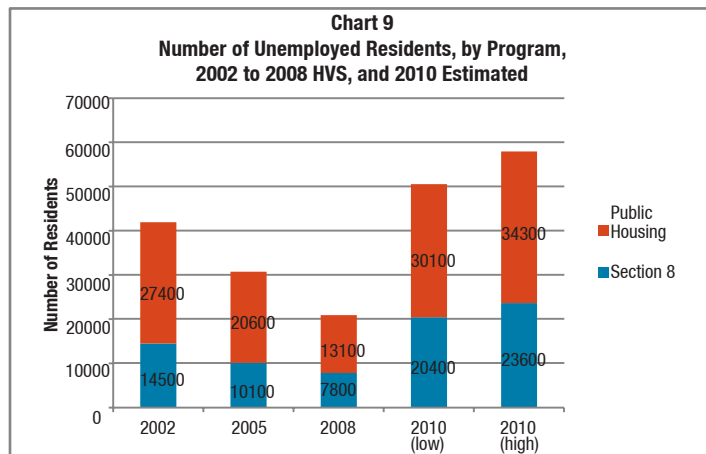
In summary, age, education, gender, and race/ethnicity all had some influence on the pattern of employment and unemployment among NYCHA residents during the 2002–2008 period of local economic growth. Younger residents, particularly black and Latino men, and those who had not completed high school were the most likely to be unemployed, most likely to be left behind even as employment expanded in an increasingly favorable labor market.

The analysis reinforces ideas that have gained increasing policy currency over the past decade—most recently captured in the Mayor’s Young Men’s Initiative—that this group represents a primary challenge to workforce development and absorption into the city’s mainstream economy. That they are also the major challenge to NYCHA’s Section 3 and workforce development efforts should come as no surprise.

At the same time, the findings should not suggest that women, or residents at any age or education level are insulated from the current job recession. They too are extremely vulnerable at present to employment hardships and cyclical job shrinkage, and will need attention in the current reform of local workforce development resources and services. The findings simply indicate that the obstacles many black and Latino men face in the job market are more likely to be structural in nature and impede their economic advancement over the longer term, even during a recovery cycle, when and if it comes, that brings with it expanding job opportunities.

Opening up opportunities, through an intensified NYCHA Section 3 program or an expanding local economy, will have a lesser net effect on them. Their employment issues represent a more persistent, longer-term challenge to the Authority, independent of how our local economy fares, one that might call for specially designed, targeted approaches and strategies.

NYCHA has an important institutional role to play in promoting economic sufficiency and advancement among



its residents. Apart from what can be accomplished under the Section 3 mandate, its role on the city's Workforce Investment Board and its reach to a large constituency of low-income New Yorkers place it in position to link job-seeking residents with local workforce development resources. With a projected resident unemployment rate now hovering at 25 percent or more, and from 50,500 to 57,900 residents unemployed, nearly triple the number in 2008, it is imperative that the Authority do what it can to mediate the effects of the continuing job recession and put the resident labor force in position to take advantage of emerging opportunities.³⁶

Linking NYCHA Residents to Local Workforce Development Resources

As a member on the city's Workforce Investment Board and an active participant in mayoral task force efforts to reform and coordinate the city's workforce development programs, NYCHA has some leverage in expanding the utilization of these resources by residents. In 2010, the Authority itself served 2,770 "workforce customers," defined as residents who attended a NYCHA information session and met with a career specialist for an assessment.³⁷ While NYCHA residents constituted 5 percent of the city's workforce and 14 percent of its unemployed in 2010, residents represented only one percent of the city's total workforce customer population (489,000) that year. Many NYCHA residents may have been serviced by other workforce development agencies, but the figures suggest that NYCHA could play a more central role, at the least in making public housing and Section 8 residents aware of Section 3 training and job openings and, as important, providing referrals to the city's workforce development resources. This view was reinforced at a recent Resident Advisory Board meeting:

*"...the Office of Resident Economic Empowerment and Sustainability (REES) needed to collaborate more with management and resident leaders to bring awareness of their activities pertaining to available jobs and training opportunities. For instance, memos and flyers of job openings and training should be posted online, mailed to residents, and posted at the developments."*³⁸

While, obviously, the Authority is not a job placement agency, it could be more effective at linking residents to available resources and developing that image, in addition to its dominant image as housing provider. NYCHA appears to be moving in that direction. The expansion of the Jobs Plus program to seven public housing developments, as part of the Young Men's Initiative, will extend the reach of a proven national program model that for the last two years was offered at only two sites as demonstration programs. In addition, the Authority is embarking on a "zone model" approach in several public housing neighborhoods, bringing on staff to develop stronger linkages between residents and resource agencies and service providers in the surrounding community.³⁹

Strengthening the Existing Section 3 Program

It is unclear how far even maximal NYCHA Section 3 efforts can reach in addressing the high level of resident unemployment at present in a difficult, uncertain job market. The Authority's capacity to make use of Section 3 job/training opportunities is limited by emerging opportunities in NYCHA administration and management, and by the number of new hires and trainees who can be brought on by firms with which NYCHA contracts for services and capital improvement projects. The standard for Section 3 compliance by a recipient of HUD funds is 30 percent of new hires (in staff hours). In its contract awards for 2010 (with the exception of the NYPD allocation) NYCHA exceeded that standard. Section 3 efforts netted 1,460 new hires (61% of new-hire hours) and 2,928 trainees, a substantial improvement over previous years, even if it is dwarfed by the full scale of resident unemployment.⁴⁰

The potential of Section 3 remains to be seen. Resident leaders argue that the Authority can do more to monitor its many contractors for compliance. Others argue that too few residents are made aware of Section 3 job and training opportunities, using as example the infusion of \$423 million in capital funds under the American Recovery and Reinvestment Act economic stimulus package for NYCHA capital improvements.⁴¹ Another limitation is that contractors open up Section 3 jobs that turn out to be

temporary, some of them part-time jobs that end with the contract, without paths to longer-term employment and potential careers. Collaborations with the trade unions in the provision of pre-apprenticeship programs and the development of a career pipeline for apprentices have had some success, but are currently limited by a poor economy and cutbacks in federal capital subsidies that promise few new-hire opportunities in construction work. Some resident leaders would like to see NYCHA create a pool of qualified workers from former Section 3 resident hires, who would be available for work on future contracts.⁴² At the least, NYCHA should go beyond HUD Section 3 reporting requirements and track the efficacy of its training programs, the quality and duration of Section 3 jobs, and their influence on long-term employment and career development.

Section 3 and the New York Police Department (NYPD)

In a July, 2011 letter to the NYCHA chair, HUD conveyed its determination that “NYPD meets the definition of ‘recipient’ of Section 3 covered financial assistance and NYCHA must ensure that NYPD becomes or remains in compliance with Section 3.”⁴³ The Authority now pays \$73 million annually out of its HUD operating subsidies for “special police services.”⁴⁴ As of this writing, it is unclear whether and how the city and NYCHA will respond. If they choose to comply with, rather than contest, the HUD determination, a forthcoming NYPD initiative could represent a significant expansion to the Authority’s Section 3 agenda.

In 2010, the NYPD swore in a new class of 1,249 police recruits to begin six-month formal training at the Police Academy. Some (only 99) had prepared by serving in the Police Cadet Corps, a paid apprenticeship that also offers tuition assistance (\$10,000 annually), vacation and sick leave, and promotion to the officer ranks. Other recruits (only 79) had military experience that qualified them. Over a quarter (26%) held bachelor degrees although entry qualifications call for 60 credits, roughly two years of college. Nearly all were men (84%), over half were white (55%), a quarter (26%) were Latino, and an eighth (12%) were black.⁴⁵

NYCHA payments accounted for only a small portion (1.6%) of the NYPD \$4.5 billion budget, which supports a “headcount” of 33,217 uniformed and 13,771 civilian staff. The Housing Bureau—the police arm serving certain geographical clusters of public housing—seems marginal by comparison, with a headcount of 1,844 uniformed and 179 civilian personnel. It should be noted that police services in public housing are provided not only by the Bureau, but also the established precincts that span the city. Nevertheless, the NYCHA payments accounted for close to half of the Housing Bureau’s \$158 million annual budget.⁴⁶

As of this writing, the share of police trainees and hires that the NYPD should open up to low-income New Yorkers in order to comply with Section 3 remains to be negotiated among the major parties: HUD, NYCHA, the NYPD, and possibly the Mayor’s Office. However the numbers are resolved, the impact will be a significant increment to the NYCHA Section 3 effort for several reasons. Over time, the cumulative effect of annual NYPD openings in training and recruitment will have a mounting impact on the NYCHA resident labor force. In addition, unlike most Section 3 placements with other NYCHA contractors, the work does not end with the contract. The police jobs are not temporary or part-time, they represent a career path for those who pursue them, not only with the NYPD but possibly a stepping stone to other opportunities in the security and safety sector.

Another major consideration is whether the NYPD will offer restitution for lost Section 3 opportunities due to non-compliance over the 17 years since the MOU was first signed in 1994. Under a 1998 precedent set in Long Beach, California, HUD ruled that the city was required to prepare a plan to restore lost opportunities in construction, which had been financed with a HUD loan guarantee provided under the Community Development Block Grant program. The parties agreed to a restitution plan that set aside a minimum number of work-hours in city-funded construction projects, provided pre-apprenticeship training in the construction trades and placement assistance for graduates into the apprenticeship program.⁴⁷

Any compliance agreement with the NYPD should do more than specify a certain number of annual training and hiring slots open to income-eligible residents. It needs to promote the flow of low-income residents into those openings, by creating “pipeline” programs for a much larger number, large enough to enable those slots to be filled, as was done in Long Beach. Several such program components need to be considered:

Pre-Apprenticeship Training: Program for Section 3 applicants that would include GED preparation, police orientation and training, physical training, preparation for the entry examination.⁴⁸

Community Police Cadet Program: Those who successfully complete the pre-apprenticeship should be eligible for the existing Police Cadet program, which offers paid part-time police assignments, tuition assistance to obtain 60 college credits required for entry into the uniformed service, training and mentoring for the police entry examinations. A special “community policing” component should be considered, which assigns cadets coming through the Section 3 pipeline, many of them public housing residents themselves, to the Housing Bureau to patrol public housing developments.

One of the benefits of a community policing program would be to reduce the large number of stop-and-frisk actions in public housing developments that often result in wrongful arrests for trespass violations.⁴⁹ These arrests have a disproportionate impact on young black and Latino male residents. Consistent, rather than rotating police assignments to the developments, carried out by officers or cadets familiar with the community, might have a substantial impact on such arrests. Paradoxically, these arrest records are potential obstacles to subsequent employment for young men, an effect that runs counter to Section 3 objectives.

Strategic Program Development—A GED Initiative?

Given the demands on NYCHA’s limited funds, now compounded by pending federal cuts, there are real constraints on what the Authority can do to develop its resident workforce and promote job and training

opportunities, whether through Section 3 initiatives or otherwise. During a period of high unemployment and scarce work opportunities, it makes sense to focus on strengthening the qualifications of the resident labor force, so that they are better prepared for decent jobs and career paths when and if the economy begins to recover. This is the ideal time for the Authority to direct its attention to raising the educational qualifications of its residents and strengthening their readiness to participate in the labor market.

In 2008, nearly half of unemployed residents (48%), had not completed high school, compared to 27 percent of the entire resident workforce. For the youngest residents in the labor force, youth under 25, among those with at most a high school education, the diploma often spelled the difference between having a job or being unemployed. About half of NYCHA’s 18-24 year-olds were in school or training and not looking for work, but for those participating in the workforce who were short of high school completion, unemployment was extraordinarily high, given the large numbers looking for work compared to those holding jobs. By comparison, unemployment among their age peers who held at most a high school diploma was far lower. (See Table 8.)

Among the unemployed short of a diploma, the majority of public housing residents (61%) were youth under 25. Among voucher holders, 39 percent were also in the youngest group. While equal numbers of men and women were counted as unemployed and not having completed high

		No Diploma	Diploma
Public Housing	Percent Working	16%	35%
	Percent Looking for Work	20%	7%
	Percent in School/Training	46%	46%
Section 8 Vouchers	Percent Working	5%	24%
	Percent Looking for Work	18%	15%
	Percent in School/Training	56%	42%

school, among the youth population the men outnumbered the women, roughly by a two-to-one proportion. As of 2008, many unemployed youth, both men and women, might have benefited from high school completion, but male youth appear at greater risk of employment barriers due to lack of a diploma.

A strategic initiative by NYCHA to promote GED preparation and attainment could have a significant impact on the qualifications and readiness of its resident labor force, even in the midst of a severe job crisis.

With a strategic initiative to promote GED preparation it may be possible for NYCHA to have a significant impact on the qualifications and readiness of its resident labor force, even in the midst of a severe job recession. In 2008, a total of 53,400 residents in the labor force were short of a high school diploma. While most were employed, among the 21,000 unemployed residents who were seeking jobs nearly half (48%) had not completed high school. Roughly 10,000 unemployed residents were candidates for GED preparation and adult education programs, most of them younger residents under 35, and particularly male youth under 25.

The potential NYCHA “market” for educational advancement is considerably larger now, because of projected increases in unemployment since 2008. An increase in voucher-assisted units, from 87, 419 to 97,108 households in 2010 also add to the potential pool. The impact of a unfavorable labor market on those without high school credentials will be even more severe. Among the estimated 50,000 to 60,000 unemployed residents at present, we would estimate that about 25,000 NYCHA residents are now seeking work without benefit of a diploma.

This is an important opportunity for NYCHA to develop a comprehensive GED initiative to reduce that number. Such an initiative might include the following:

Affirmative Marketing of GED Preparation Programs: In its communications with residents, in its monthly Journal newspaper, NYCHA should actively promote GED preparation as an important step toward economic self-sufficiency. Resident-friendly materials should encourage enrollment in GED preparation programs. The Authority should do what it can to create an “ethos” that attracts younger residents under 35 to those programs. NYCHA’s Fatherhood Initiative, launched in 2010, represents a similar attempt to marshal program resources to promote social change in the resident community.

Identify Candidates for GED Preparation Programs: Housing authorities conduct annual recertification procedures to determine changes in household income and composition that might affect rent payments and to identify household members who are required to perform community service. Under the 1998 Quality Housing and Work Responsibility Act, all adult public housing residents are required to perform eight hours of community service each month, unless they are exempt, for example, because they work or attend school. NYCHA should use recertification, and specifically the community service requirement, as an opportunity to identify members of the household who might benefit from GED preparation.

Promote GED preparation as fulfillment of the Community Service Requirement: Public housing residents subject to the requirement are free to fulfill it through any activity that qualifies as community service. (Voucher residents are not subject to the requirement.) At present, NYCHA does not refer individuals to any particular activity, other than through a listing of the eligible and typical types of community service. As part of its GED Initiative, the Authority should be proactive in referring residents who are short of a high school diploma, particularly younger residents, to available GED preparation programs, and actively encourage them to enroll as a way to fulfill the requirement and, at the same time, improve their chances for a job.

Expand the Range of GED Preparation Program Sites:

Through its network of community centers and meeting rooms, NYCHA has the capacity to provide “satellite” facilities for GED preparation programs that would increase their capacity and make them more accessible to the target public housing and Section 8 resident population. To some extent, this is already occurring through the Department of Youth and Community Development (DYCD) Cornerstone programs on a smaller scale at some developments and will expand as the Jobs Plus is extended from two to seven public housing sites under the Mayor’s Young Men’s Initiative. Of course, any growth in GED programs will also require the funding needed to staff and operate them. The mayor’s Young Men’s Initiative and NYCHA’s Fatherhood Initiative serve as good examples of how the necessary public and private resources can be marshaled when there is a will to do so, even at time when city and state budgets are shrinking.

Broader Inclusion of Section 8 Voucher Residents

As beneficiaries of federal housing assistance, NYCHA’s Section 8 residents have as much right to Section 3 job and training opportunities as their peers in public housing. In practice, that is not the case. Extensive capital improvement contracts take place in public housing developments, where they are immediately visible to the resident community and a strong resident leader can press NYCHA and the contractor for training and job opportunities, There is no parallel for Section 8 residents, who are comparatively isolated in private rentals, often without contact with other voucher families. It is no surprise that the pressure for stronger Section 3 efforts has come primarily from public housing residents and their advocates. Although Section 8 represents over a third of NYCHA’s assisted units, the Resident Advisory Board (RAB) that confers with NYCHA on its Annual Plans includes only five voucher residents among its 50 members; the rest are elected resident leaders in public housing. This is by no means a consequence of intentional discrimination in favor of public housing, so much as an historical outcome of stronger, institutionalized

resident participation in the developments, together with the inherent difficulties of similar organizing among the voucher constituency. Nevertheless, there is much that NYCHA can do to include the Section 8 population in its Section 3 and workforce development activities.

Outreach: It is possible for NYCHA to do a better job of communicating with its voucher residents, for instance, through its annual mailing for Section 8 recertification and reinspection; through special mailings concerning Section 3 opportunities and workforce development resources; through more relevant articles in and wider distribution of the monthly NYCHA publication, *The Journal*; through borough-wide and community meetings, particularly in areas where voucher units are concentrated, in the South Bronx, Northern Manhattan, and Central Brooklyn. Geographically targeted mailings could be used to notify voucher households, for instance, of new GED preparation sites in their neighborhoods.

Organizing: For several decades, public housing residents have had a relatively high degree of organization that was recognized by NYCHA, which has been institutionalized since the mid-1990s in the HUD 964 regulations for tenant participation and included funding of participation. There is no comparable codification or recognition of resident organization and participation for Section 8 residents. One obvious suggestion would be to organize, at the least, by borough, if voucher residents have the incentive to come together and develop a common agenda. One such incentive for organization would be for NYCHA to create a separate, elected Resident Advisory Board for Section 8 residents, so that their concerns are focused and more likely to be heard, rather than lost among a wide range of public housing issues. Elections might also spur greater organization of the voucher community. Some cities have already moved to have two separate RABs, one for public housing, another for Section 8. It should be given serious consideration.

Coordinate NYCHA Section 3 Efforts with the NYC Department of Housing Preservation and Development (HPD).

NYCHA is not the only public entity in New York City that receives HUD funding. The city’s Department of Housing Preservation and Development (HPD) counted 29,000 Section 8 voucher-assisted units in 2010. It also received \$300 million in other HUD funds—\$173 million through the Community Development Block Grant (CDBG), and \$125 million through the HOME Program—programs that are subject to the Section 3 requirement. The CDBG and HOME funds are largely used as capital for housing rehabilitation and development, in which contractors are subject to Section 3 requirements to open up training and job opportunities to low-income New Yorkers. Although HPD posts contractor requirements and report forms on its website, its most recent Annual Plan makes no mention of Section 3. Compared to NYCHA, it maintains a very low profile on Section 3, while much of the heat of resident and advocate pressure has focused on NYCHA, in part because of its funding level and size and in part because public housing residents are more aware of the capital construction projects taking place in their developments.

NYCHA is technically a paragonovernmental body independent of city government.⁵¹ However there is little to prevent the Authority from coordinating its Section 3 efforts with HPD, particularly when it comes to opening up opportunities with construction contractors. Such an attempt would be consistent with the mayor’s current task force efforts to reform and coordinate the city’s multiple workforce development activities. For both agencies, it could reduce the costs of administering Section 3 and enforcing contractor compliance. For NYCHA, it would open up resident access to a wider range of construction projects and possibly offer longer-term career employment. The situation poses another opportunity for NYCHA to leverage its efforts with the city at the same time it expands resident opportunities.

Under the Section 3 mandate, forged in the wake of the urban disorders of the 1960s, HUD’s housing dollars were also meant to help create job and training opportunities in the nation’s low-income communities. Given the current

state of the economy, the need is crucial. In New York City, NYCHA is in a focal position to make that happen. As the largest recipient of HUD funds, and a central institution in the lives of low-income New Yorkers, the Authority should play a more prominent role in the workforce development arena, not only in seeing that Section 3 achieves its maximum potential, but in mounting new initiatives that will strengthen the capacity of low-income workers to participate fully in the city’s labor market.

Appendices

A. HVS Data Adjustments for Longitudinal Comparability

In using the 2002, 2005, and 2008 data to track trends and make longitudinal comparisons and then project out to 2010, several adjustments in the HVS data frequencies were necessary to assure comparability of the labor force figures over time. For any HVS variable, however, the percentage distributions for that year remain intact. The major assumptions made, and the reasons for them, are described below.

Public Housing Residents: HVS counts for occupied public housing units varied widely over the three years—from 174,490 units in 2002, to 167,500 in 2005, to 183,800 in 2008—no doubt due to sampling variation and weighting. Yet there was little actual fluctuation in the NYCHA inventory during that period. For the period from 2002 to 2010, it was assumed there were a total of 180,000 public housing units, with a 4 percent turnover/vacancy rate, resulting in 173,000 occupied units throughout the period. HVS frequencies for each year were appropriately “scaled” up or down to reflect that premise.

Section 8 Voucher Residents: The actual number of NYCHA voucher-assisted units in New York City for 2002, 2005, 2008, and 2010 increased over time, according to figures obtained from the NYCHA Office of Leased Housing: 2002: 79,762 units, 2005: 86,251 units, 2008: 87,410 units, and 2010: 97,108 units. Since the HVS does not distinguish between NYCHA Section 8 vouchers, and (about 15,000) vouchers allocated by the Department of Housing Preservation and Development (HPD), the HVS voucher frequencies for each year were appropriately

“scaled” down to reflect the portion actually assisted by NYCHA. Since the NYCHA voucher population is more deeply targeted by income—75% must be allocated each year to extremely low-income households—and the distributions reflect the entire voucher population (including HPD vouchers), the bias in this analysis is toward a voucher household population with slightly higher incomes (and earning capacities) than those in the NYCHA voucher population.

B. Estimating Resident Unemployment for 2010

Public Housing: Over the three successive HVS years, the ratio of the public housing unemployment rate to the DOL citywide unemployment rate ranged from 2.61 in 2002, to 2.93 in 2005, and 1.76 in 2008, an average ratio of 2.43 times the DOL rate. Because the 2008 HVS citywide unemployment estimates tend to be low, 3.6 percent against the 5.4 percent for DOL, the 2008 ratio of 1.76 was increased by 50 percent (to 2.64) to yield an alternative three-year average of 2.73 times the DOL rate. The low (2.43) and high (2.73) average ratios were applied to the DOL citywide unemployment rate of 9.5 percent for 2010, yielding estimates of the public housing unemployment rate for 2010, a low estimate of 23.1 percent that year, and a high estimate 25.9 percent.

Section 8 Vouchers: Using the same method as above, the unemployment rate for the voucher workforce averaged three (2.98) times the citywide DOL rate in the successive HVS years—2.98 in 2002, 3.03 in 2005, and 2.94 in 2008—yielding a 2010 unemployment rate of 28.3 percent. A higher estimate was obtained by adjusting the 2008 ratio upward by 50 percent to 4.41, yielding an average ratio of 3.47. When applied against the 2010 DOL unemployment rate of 9.5 percent, it yielded a high voucher unemployment estimate of 33.0 percent.

C. Estimating the Size of the Resident Labor Force in 2010

In the absence of actual data, it was necessary to estimate the size of the NYCHA resident labor force in 2010. For public housing residents it was estimated at 132,300 residents, the average across the three HVS years, spanning a period of high unemployment in 2002 to low unemployment in 2008. Separate estimates were made voucher residents, in order to take into account the increase in voucher-assisted units from 87,400 units in 2008 to 97,100 in 2010.

Over the three HVS years, each NYCHA voucher, on the average, generated 0.735 labor force participants. This figure was applied to the 97,100 units assisted by NYCHA in 2010, resulting in an estimated 71,400 voucher residents participating in the workforce.

Endnotes

1. Section 3 was in part a response to the Kerner Commission Report, which found three “first level intensity” grievances underlying the urban disorders of the period: police practices, unemployment and underemployment, and inadequate housing. See: *Report of the National Advisory Commission on Civil Disorders (Kerner Commission)*, U.S. GPO, Washington DC, 1968.
2. The terms “labor force” or “workforce” as used here refer to working-age individuals, at least 18 years old and less than 65, who are either working or looking for work. It does not include “discouraged workers” who are unemployed and not looking, or those unable to work because of disability, school attendance, family responsibilities, or other reasons. In this analysis, a person is considered employed if he or she has a job, whether it is full- or part-time. The unemployment rate is the percent of the labor force who do not have a job and are seeking work.
3. Estimates based on NYC Housing & Vacancy Survey, 2008. See Appendix A for methodology.
4. Estimates as high as 80,000 unemployed residents in public housing alone have been cited at NYCHA briefings and elsewhere, but they are not substantiated. The figure is alarmingly high since it represents over half of the resident labor force in public housing.
5. Affordable rents are defined as rents within 30 percent of household income, under the Brooke amendment.
6. For 2005 estimates of unemployment in NYCHA public housing, see CSS Report: *Making the Connection: Economic Opportunity for Public Housing Residents* (Victor Bach and Tom Waters, Community Service Society), July, 2009.
7. For a detailed analysis of post-recession employment trends in New York City, see: *The State of Working New York City 2011; Scant Recovery for Workers—Some See Gains but Recession Conditions Persist for Most*, (Fiscal Policy Institute, July 20, 2011.)
8. Under the MOU, NYCHA is also required to use some of its federal capital subsidy for the purchase of police vehicles, another \$2.5 million in 2011.
9. Restitution for lost Section 3 opportunities was negotiated in Long Beach, California. *Carmelitos Tenants Association v. City of Long Beach* (Section 3 Case #09-98-07-002-720, June 9, 1998.).
10. *One System for One City, the State of the New York City Workforce System, Fiscal Year 2010, May 2011.*
11. This is particularly so in the Section 8 Housing Choice Voucher Program, where federal funding is not contingent on out-of-pocket rents paid by voucher holders. Public housing subsidies are based on HUD formula allocations; the more the Authority receives in rents, the less it receives in subsidy.
12. Some services are currently provided at the centers by the Division for Youth and Community Development (DYCD) and the Department for the Aging (DFTA).
13. These efforts are described in the *NYCHA Draft PHA Plan, Annual Plan for Fiscal Year 2012, July 8, 2011.*
14. Source: HUD Picture of Subsidized Households, 2008.
15. Ceiling rents were maximum rents based on the apartment size, regardless of household income. They are now “flat rents” that take income and household size into account.
16. HUD Picture of Subsidized Households, 2008: 98 percent of NYCHA public housing units were occupied.
17. Under the American Recovery and Reinvestment Act (ARRA) of 2009, NYCHA was able to federalize its city and state developments, bringing them under the federal funding umbrella.

18. *Capital Needs in the Public Housing Program*, HUD, June, 2011.
19. The term “low income” refers to households with incomes within twice the federal poverty level, roughly \$35,000 for a three-person family in 2010. The term “near poor” refers to low-income households with incomes above the poverty level.
20. The three groups are not entirely mutually exclusive. About 2,000 of the 97,000 voucher holders live in public housing, under a “voluntary conversion” of 21 developments financed by the state or city. There is overlap between the two waiting lists since some households apply for both programs. NYCHA estimates the overlap at about 24 percent of the lists, which is taken into account in the analysis.
21. In 2010 NYCHA reported 180,043 public housing units. Assuming a 4 percent vacancy rate, the number of occupied NYCHA units is about 173,00 at any point in time.
22. In 2010, the average number of NYCHA voucher-assisted units located in New York City was 97,108. Source: Leased Housing Department, NYCHA.
23. Waiting list figures are from NYCHA, *NYCHA Annual Plan, FY 2011, Attachment D*, May 2010.
24. Source: 2008 New York City Housing and Vacancy Survey, U.S. Bureau of the Census. The figures, however, include 15,000 vouchers administered by the NYC Department of Housing Preservation and Development, as well as the 97,000 administered by NYCHA.
25. HUD defines extremely low-income households as those with incomes no greater than 30 percent of the HUD Area Median Income, an interval roughly within the federal poverty level.
26. Under the federal Quality Housing and Work Responsibility Act (QHWRA) of 1998, all adult public housing residents, unless otherwise exempt by age, disability, work or school involvement, must “volunteer “eight hours monthly to some form of community service, or the household is at risk of eviction. Attempts to repeal the provision have not yet succeeded. A recent HUD audit is requiring NYCHA to enforce its implementation.
27. It should be noted that the analysis differentiates simply between whether a resident is employed or unemployed as of the HVS. Such factors as income/earnings, full/part-time employment, and the quality or duration of work were not considered.
28. The HVS is usually conducted in the field between February and August.
29. Several assumptions had to be made in order to develop comparable estimates over the three time periods. They are described in Appendix A.
30. Figures for average annual number of NYCHA-vouchered units were obtained from the Authority’s Office of Leased Housing.
31. Under federal law, housing authorities must distribute at least 75 percent of voucher allocations each year to “extremely low income households” (roughly within federal poverty levels). The threshold for public housing admissions is only 30 percent, and NYCHA exercises a working family preference in admissions.
32. The findings mirror much recent research and reporting on the issue, beyond the NYCHA resident constituency. For instance, see: Mark Levitan, *Out of School, Out of Work: New York City’s Disconnected Youth* (Community Service Society, January 2005), and David Banks and Ana Olivera, *Young Men’s Initiative: Report to the Mayor from the Chairs*, (New York City, August 2011).
33. In these charts, a disparity of at least 5 percentage points constitutes over- or underrepresentation.
34. Because of the low proportion of white and Asian households in public housing, HVS sample-size constraints made it difficult to do a similar analysis.
35. The HVS field survey is generally conducted between late January and early June.
36. Estimated 2010 unemployment rates vary with program and are somewhat higher for Section 8 voucher households, between 28 and 33 percent, as opposed to between 23 and 26 percent for public housing.
37. See: *One System for One City*, op. cit., pp. 1, 44-45.
38. From NYCHA notes of the Resident Advisory Board (RAB) meeting of June 23, 2011. The RAB consists of 51 public housing and Section 8 voucher residents. Its role is to collaborate with the Authority on its preparation of the Annual Plan.
39. An innovative model of this approach was established in 2004 as a nonprofit organization, the East River Development Alliance (ERDA) serving the Queensbridge public housing community in Long Island City.
40. NYCHA Section 3 Programs Summary Report for 2010.
41. *Bad Arithmetic: The Failure of New York City Housing Authority Recovery Funds to Create Jobs for Local Residents*, (Community Voices Heard, October 2010).
42. One such model is used by the Philadelphia Housing Authority.
43. Letter to John B. Rhea, Chairman, dated July 26, 2011, from John Trasvina, HUD Assistant Secretary for Fair Housing and Equal Opportunity. The HUD letter was triggered by a November, 2010 letter, filed with HUD by CSS on behalf of the NYC Alliance to Preserve Public Housing.
44. In the past year, an additional \$24 million in HUD capital subsidies was allocated by NYCHA for the purchase of police vehicles under the 1994 Memorandum of Understanding.
45. NYPD press release, “Mayor Bloomberg and Police Commissioner Kelly Swear in New Class of 1,249 NYPD Recruits,” July 6, 2010.
46. NYPD budget and headcount information comes from Council of the City of New York, Hearings on the Fiscal 2010 Executive Budget for the Police Department, May 19, 2009.
47. See: *Carmelitos Tenants Association v. City of Long Beach (Section 3 Case #09-98-07-002-720)*, June 9, 1998, and “City of Long Beach Finalizes its Section 3 Restitution Plan,” *Housing Law Bulletin, Volume 36*, 2004, pp. 9-11.
48. The nationally-known YouthBuild Program, which has since 1988 been providing youth with pathways into the building trades, also includes GED preparation, as do many pre-apprenticeship programs.
49. See *New York Times* articles: “At Council Hearing on Stop-and-Frisk Policy, the Police Stay Silent” (Ray Rivera, September 28, 2010); “Of Tactics in Public Housing, and Recommended Reading” (Al Baker, October 7, 2010); “Judge Criticizes Stop-and-Frisk Police Tactics in Housing Projects” (Al Baker and Janet Roberts, December 20, 2010).
50. Violation of the requirement places the household at risk of eviction. The controversial federal statutory requirement, considered “forced labor” by some, is imposed only on public housing residents, not on other households receiving federal housing assistance. A recent HUD audit calls for NYCHA to step up its enforcement of the community service requirement.
51. The independence is not total. The four members of the NYCHA Board are appointed by the mayor, with the chair serving at the mayor’s pleasure, while the others serve for fixed terms.

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