

POLICY BRIEF

July 2009

MAKING THE CONNECTION

Economic Opportunity for Public Housing Residents

MAKING THE CONNECTION: Economic Opportunity for Public Housing Residents

By Victor Bach & Tom Waters, Community Service Society



All images © The NYC Housing Authority Collection/The La Guardia and Wagner Archives, La Guardia Community College/The City University of New York

The Community Service Society of New York (CSS) is an informed, independent, and unwavering voice for positive action that serves the needs of our constituents: the 2 in 5 New Yorkers who live on poverty's front line. CSS draws on a 160-year history of excellence in using research, advocacy, litigation, and innovative program models to shape actionable policy solutions that strengthen and benefit all New Yorkers.

David R. Jones, Esq., President & CEO

Steven L. Krause, Executive Vice President & COO

Victor Bach has been Senior Housing Policy Analyst at the Community Service Society since 1983. He was a Research Associate at the Brookings Institution and on the faculty of the New School for Social Research and the LBJ School of Public Affairs.

Tom Waters is Housing Policy Analyst at the Community Service Society. Prior to joining CSS, Mr. Waters was organizer, editor, development director, and interim executive director at New York State Tenants & Neighbors, an organization that works to preserve and improve the state's existing stock of affordable housing.

The authors would like to thank CSS colleagues Chris Molnar, Jeremy Reiss, and Lazar Treschan, who were key resources on labor force and youth issues.

Lazar Treschan is the author of the proposal in Appendix II.

More than 20,000 public housing residents are seeking jobs in New York City's recession economy. The city and the Housing Authority have every reason to connect them to opportunities.

At this time of deepening recession, considered the worst since the Great Depression, low-income New Yorkers face a major economic crisis in which they will have more and more difficulty keeping or finding the jobs that support their families. Major infusions of federal economic stimulus funds—under the 2009 American Recovery and Reinvestment Act—have converted this crisis into a potential opportunity for some of our major institutions to sustain and expand employment opportunities for the city's lower-wage workers. Public housing—the New York City Housing Authority (NYCHA)—is one such institution.

Why the Housing Authority Needs to Act

The New York City Housing Authority runs the largest, and reputedly the best, public housing program in the country. Comprising over 180,000 apartments in 340 developments across the five boroughs, NYCHA houses a half-million residents, a population that matches some of the country's major cities, such as Boston and Cleveland.

Each year NYCHA allocates billions of dollars to carry out normal maintenance and management operations and priority capital improvement projects. In 2009, the public housing operating budget amounted to about \$1.6 billion, of which close to half came from rents paid by residents, and the other half from HUD operating subsidies.¹ In 2008, the authority received \$340 million in HUD annual capital subsidies for major physical improvements.² NYCHA employs a total head count of about 11,600 workers for all operations at its central office and in the field, including administration of the Section 8 Housing Choice Voucher Program.

In that sense, the authority is a major source and engine of economic activity within the New York City megaplex. The question is whether and how the economic activities that NYCHA generates can connect with and widen opportunities for its many job-seeking or training-ready residents.



Because of the authority's size and its large budget, it has for the past decade been the target of resident leaders, joined by advocates and labor representatives, who have pressed NYCHA to use its spending power to provide job and training opportunities for residents. Under Section 3 of the 1968 Housing Act, all public housing authorities and government agencies receiving HUD funds have a statutory obligation to exercise best efforts to see that funds are used to maximize employment and training opportunities for low-income residents.³ However, most housing authorities, including NYCHA, do not have impressive Section 3 track records, and the provision has been only weakly enforced by HUD, if at all.⁴

NYCHA has, to some extent, been responsive to demands for a more effective Section 3 effort, but the results have not been significant to date. This year, however, is exceptional and there are even more compelling reasons for NYCHA to take its role as a potential employment generator for resident job-seekers more seriously than before.

The Deepening Recession: Public housing residents, and the city as a whole, are facing the worst economic recession since the Great Depression. In recent years, over half of NYCHA households

(52%) have had at least one working member.⁵ But, as economic conditions worsen, residents will be working fewer hours at lower wages; others will find it more difficult to keep or find work.

The NYCHA Operating Deficit: Currently, NYCHA faces an operating deficit of \$137 million for FY 2010.⁶ The shortfall is the inevitable result of chronic underfunding by every level of

NYCHA is a major engine of economic activity within the New York City megaplex. The question is how the economic activities it generates widen opportunities for job-seeking residents.

government, not just Washington.⁷ Since 2006, the persistent deficit has come to be considered “structural,” reaching a high of \$225 million in 2007. Rents collected from residents account for a significant portion (40%) of the authority’s budget. Using its resources to bolster employment and higher incomes among its residents is in NYCHA’s direct institutional interest. For every \$100 dollar increase in monthly household income, NYCHA stands to receive a \$30 increase in its monthly rent stream to help offset its current operating deficit.⁸

The ARRA Economic Stimulus Funds for Capital Projects: Under the 2009 American Recovery and Reinvestment Act (ARRA), NYCHA is receiving an additional \$423 million in HUD funds for economy-stimulating “shovel-ready” capital projects. The ARRA funds represent an unusual opportunity for NYCHA to play an instrumental role in expanding its resident workforce if it can design and mount an effective job and training program in time.

As part of its recently drafted 2010 Five-Year Plan, NYCHA sets out as one of its strategic goals: *increase job placements and training opportunities, apprenticeships and educational enrollments.*⁹ Despite the authority’s long-term commitment to these objectives, it has yet to spell out the program structure and detailed mechanisms through which they will be implemented and accomplished in the critical coming years.

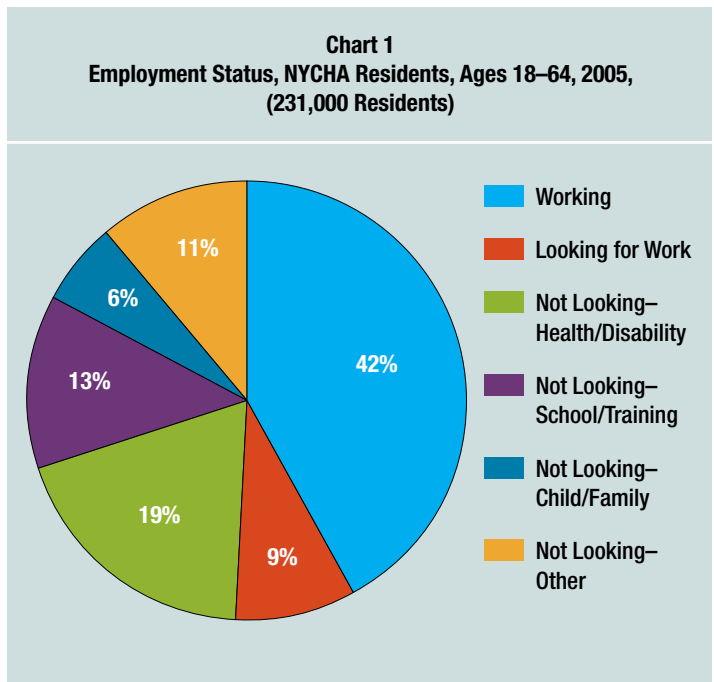
Labor Force Participation: A Profile of NYCHA Residents

This policy brief is intended to contribute to ongoing Section 3 efforts by profiling the characteristics of NYCHA’s current and potential resident labor force.¹⁰ It provides some baseline measures of resident participation in the labor market and of the number and characteristics of resident job seekers, which could be useful in planning Section 3 programs and assessing the degree to which they are succeeding.

The data on resident labor force participation was drawn from the 2005 New York City Housing & Vacancy Survey (HVS), the latest for which individual resident data concerning employment, education, and other characteristics are available. It should be noted the figures represent the relatively good economic times that prevailed in 2005, when the data was gathered. The pattern is likely to have changed for the worse by 2009 in the midst of the present growing economic recession. Current data would no doubt present a much harsher picture. But the 2005 patterns provide a useful framework for shaping workforce opportunity programs.

In 2005, NYCHA housed over 231,000 adult residents between the ages of 18 and 64. Their labor force participation patterns are summarized in Chart 1 and in Table 1, which follows.

Among working-age NYCHA residents, about half (51% or



117,000 residents) were participating in the labor force in 2005, most of them working (42%) or looking for work (9%) during the week before the HVS interview was conducted. (See Appendix I for the HVS line of questioning used to obtain the data.) Those who were working put in an average of 36 hours—a median of 40 hours that week. About 20,000 residents were seeking work that week, a figure that underlines the sheer scale of the NYCHA resident population actively pursuing opportunities in the labor market at a single point in time.

Clearly, not all resident job-seekers were looking for or would have accepted NYCHA-related employment options. But the size of this group—an even larger group in the currently declining economy—suggests the potential that a more effective Section 3 effort may have in absorbing residents and expanding economic opportunities within NYCHA communities.

The ratio of working to work-seeking NYCHA residents is the equivalent of an unemployment rate of 17 percent. This rate appears high compared to the 2005 citywide unemployment rate of 6 percent—drawn from the HVS—but it does not indicate that unemployment is a greater or lesser problem in NYCHA communities than it is elsewhere in the city. When income and race/ethnicity are taken into account in the HVS data, there is little difference between citywide and NYCHA unemployment

rates. The citywide unemployment rate for low-income Blacks is 19 percent and 12 percent for low-income Latinos.¹¹ These two groups represent the majority (66%) of NYCHA households.

Among the reasons given for not looking, health/disability problems were the most frequent (19%), followed by atten-

In 2005, NYCHA residents had the equivalent of a 17 percent unemployment rate, a high rate, but not unusual for low-income Blacks and Latinos across the city.

dance at school or in training programs (13%). Relatively small numbers reported child/family caretaking responsibilities (6%) or retirement (5%) as the reason for not seeking work.

Labor force participation patterns within the broader NYCHA community vary, depending on characteristics of the household and the individual. (See Table 2.) Employment patterns and household income levels are closely associated. In general, NYCHA households span a fairly wide income range: Close to half are poor (46%), about a third (31%) are near-poor with incomes between 100 and 200 percent of the poverty level, and about a quarter (23%) are higher income. Working-age residents from poor households were far less likely to be working or looking for work: only 32 percent of poor adults participated in the labor force, compared to 57 percent for the near-poor and 70 percent for higher income adults. Poor residents are more likely to be out of the workforce due to health/disability-related problems or involvement in school/training.

Age is also a major differentiator. The highest labor participation rates were for residents between the ages of 25 and 44, about two-thirds (64%) are either working or seeking work. Younger adults between 18 and 24 had a 41 percent labor participation rate, but were more likely to be in school or training (47%). And older adults, with a participation rate of 42

**TABLE 1
EMPLOYMENT STATUS, NYCHA ADULT RESIDENTS, 2005**

	<i>Number</i>	<i>Percent</i>
Working	97,000	42 %
Looking for Work	20,000	9 %
Not Looking for Work		
Reason Given:		
Health/Disability	44,200	19 %
School/Training	30,400	13 %
Child Care/ Family Responsibilities	12,900	6 %
Retired	11,600	5 %
Other	18,700	6 %
TOTAL	231,100	100 %

percent, were more likely to be at risk of health or disability barriers to work (33%).

Differences between men and women are not strong. Labor force participation rates for men are 53 percent, compared to 49 percent for women. Surprisingly, they differ in their reasons for not looking for work: men are more likely to be in school/training, women more likely to have health-related problems.

Among the major racial/ethnic groups, Blacks had the highest rate of labor force participation (57%), compared to Latinos (46%), and Asians (47%), while White adults, with a participation rate of only 34 percent, were more likely to have health-related problems or be in school/training.

Profile of Unemployed NYCHA Residents Seeking Work

What are the characteristics of the sizeable pool of 20,000 NYCHA residents who were seeking work and available to be absorbed into new work/training opportunities? Table 3 provides some key profile characteristics.

By and large, the job-seekers have some previous work experience—only 11 percent have never worked before. Half (50%) held their last job within the year previous to the 2005 HVS interview, earning an average of \$10,000 for the year. For the other half, who had not worked as recently, the major income sources reported were public assistance and other sources, such as unemployment, veterans’ benefits, or child support.

TABLE 2
EMPLOYMENT STATUS, NYCHA ADULT RESIDENTS, BY HOUSEHOLD INCOME, GENDER, AGE, AND RACE/ETHNICITY

	Percent Working	Percent Looking	Percent Not Looking:		Number
			Percent Health/Disability	Percent School/Training	
Household Income					
Poor	20	11	29	16	93,400
Near-Poor	48	9	17	13	67,300
Higher	65	5	8	10	70,400
Age					
18 to 24	24	17	4	47	47,300
25 to 34	53	11	10	11	44,900
35 to 44	55	9	18	3	52,700
45 to 64	39	3	33	2	86,100
Gender					
Male	44	9	15	19	81,500
Female	41	8	21	10	149,600
Race/Ethnicity					
Black	46	11	15	11	108,800
Latino	40	6	25	12	97,700
Asian	40	7	5	29	8,200
White	26	8	21	24	15,300

Some serious educational deficits stand in the way of many NYCHA residents who seek work. Over a third (36%) do not have a high school diploma, a factor that underlines the importance of GED preparation programs as part of any Section 3 strategy.

Most job-seekers are women (62%)—not surprising, since they represent the majority (65%) of NYCHA working-age residents. They tend to be younger women, between ages 18 and 24. In contrast, men who are looking for work are older; they

span a wider age range from 18 to 44 and nearly half are in the 25 to 34 age range.

Blacks and Latinos—the majority (89%) of working-age residents—are a similarly high proportion (90%) of residents looking for work. Although Blacks also have comparatively high employment rates, they are overrepresented among the job-seekers, while Latinos are underrepresented. Blacks make up 57 percent of the unemployed but only 47 percent of adult residents. In contrast, Latinos represent 43 percent of adult residents but they are only 32 percent of the unemployed. Blacks are more likely than Latinos to be seeking work in the labor market.

Year Last Worked:			
This year (2005)	13 %		
Last year (2004)	37 %		
Previous (2000-2003)	20 %		
Previous (1999 or before)	19 %		
Never worked	11 %		
Income Sources (Prior Year):	Percent	Median	
Wages	49 %	\$ 10,000	
SSI/TANF/Safety Net	17 %	\$ 4,800	
VA or Unemployment Benefits/Child Support/Alimony	10 %	\$ 4,992	
Social Security	2 %		
Retirement	1 %		
No Income	38 %		
Some Income	62 %	\$ 7,300	
Education Level Attained:			
At most 6th grade	2 %		
Some high school	34 %		
High school diploma	44 %		
Some college, no degree	10 %		
Associate degree	3 %		
College graduate or more	6 %		
Household Income:			
Poor	53 %		
Near-Poor	29 %		
Higher	18 %		

(Table 3, Continued)

Gender:			
Male	38 %		
Female	62 %		
Age:		Women	Men
18 to 24	39 %	43 %	33 %
25 to 34	25 %	13 %	43 %
35 to 44	25 %	28 %	20 %
45 or older	12 %	17 %	4 %
Median Age: 27			
Mean Age: 31			
Race/Ethnicity:		Women	Men
Black	61 %	63 %	47 %
Latino	39 %	27 %	41 %
White	6 %	8 %	8 %
Asian	3 %		
Age & Race/Ethnicity	Black	Latino	
18 to 24	35 %	42 %	
25 to 34	29 %	23 %	
35 to 44	30 %	16 %	
45 to 64	6 %	19 %	
Borough Location			
Brooklyn	48 %		
Manhattan	26 %		
Bronx	15 %		
Queens	9 %		
St. Island	3 %		

Within each racial/ethnic group, gender also makes for differences in employment status. Black women are overrepresented among the job-seekers—they represent 48 percent of adult female residents but 63 percent of unemployed job-seeking women. On the other hand, Latinas tend to be underrepresented—they represent 43 percent of working-age women but only 27 percent of those actively seeking work.

Men—both Black and Latino—are found among unemployed job-seekers in proportion to their presence in the NYCHA resident population. Neither group is disproportionately represented.

Some serious educational deficits stand in the way of many residents seeking work. More than a third (36%) have no high school diploma. GED preparation is an essential part of any Section 3 strategy.

The potential impacts of more intensive Section 3 efforts in NYCHA communities will depend on the number and kinds of work and training opportunities made available and the degree to which they match the skills and interests of residents who are seeking them. However, the major groups that need to be targeted for access to job/training opportunities are younger Black women and Black/Latino men across the age range.

Surprisingly, nearly half of unemployed residents (48%) are located in Brooklyn, although Brooklyn represents only 37 percent of working-age residents citywide. Within the borough, unemployment clusters in several sub-borough districts: Oceanhill/Brownsville, Ft. Greene/Brooklyn Heights, Bedford-Stuyvesant, and Park Slope/Carroll Gardens. Bronx residents tend to be underrepresented among the unemployed; while they constitute 21 percent of NYCHA residents, they comprise only 15 percent of the unemployed pool. Job-seeking residents in the other three boroughs are roughly in proportion to their distribution of the adult resident population. Brooklyn, it seems, should be a primary target for linking residents with Section 3 opportunities.

NYCHA Communities and Disconnected Youth

Disconnected youth are young people, between the ages of 16 and 24, who are neither working or in school. A 2005 report by the Community Service Society (CSS) estimated that there were a total of 170,000 disconnected youth across the city that needed to be linked to school and work opportunities.¹²

Although the report made no reference to public housing, some currency has been given to the idea that NYCHA communities, in particular, manifest high youth disconnection rates that merit serious attention. If the assumption that NYCHA communities in some way generate disconnection is invalid, the risk is that public housing will be further and even more unfairly stigmatized. As a result, this policy brief examines that assumption.

How Disconnection Rates Vary

The 2005 HVS data make it possible to analyze the incidence of disconnected youth both within NYCHA communities as a whole and citywide. They provide an opportunity to look at the size and distribution of disconnected youth with respect to some key demographic, housing, and locational variables. (See Table 4.)

Across the city, disconnection rates vary with household income—not surprisingly, the poorer the family, the greater the risk of disconnection among its youth. For poor New Yorkers, HVS estimates yielded a 14 percent disconnection rate, while for the near-poor the rate was 10 percent, and for higher incomes the rate was 7 percent.¹³

Disconnection rates also vary by gender. Surprisingly, HVS estimates yielded a higher youth disconnection rate for women (11%) than for men (7%).

There are also sharp differences within the age range—the older the youth the greater the risk of disconnection. Presumably, 16 to 18 year-olds are more likely to be in school.

Latinos experience the highest disconnection rates (13%), followed by Blacks (10%). But when gender and income are also taken into account, the pattern is more complicated. Latina youth are particularly vulnerable regardless of income level, with a disconnection rate of 18 percent—23 percent among the poor. Poor Black male youths also have a relatively high disconnection rate of 17 percent.

Do NYCHA Communities Have Higher Disconnection Rates? The Answer is “No”.

NYCHA communities have a relatively high proportion of low-income and minority residents compared to many other communities in the city. This is a natural outcome of public housing admission policies that set aside this housing for low-income families under HUD’s definition of income-eligibility. As it turns out, NYCHA’s resident population is more economically diverse than those found in public housing in other large cities, where poverty tends to be more concentrated.

The particular social composition of NYCHA communities, as a whole, needs to be taken into account in comparing disconnection rates in public housing with those outside. When income,

gender, race/ethnicity, and age composition are taken into account, there is no difference between the disconnection rate for NYCHA communities and those that occur across the city. HVS estimates yield a disconnection rate for NYCHA youth of 12 percent, a rate that is virtually identical with what one would expect—from citywide data—in any community in the city that had a similar social composition.

The conclusion is that there is nothing inherent in NYCHA communities that promote higher (or lower) rates of disconnection among youths than would occur if they were living elsewhere in New York City. Factors of income, gender, race/ethnicity, and age seem to drive the disconnection rate rather than the housing context.

However, NYCHA communities account for an estimated 9 percent of disconnected youth across the city. As a result, there

		Rate
Total		9 %
Household Income:		
Poor		14 %
Near-Poor		10 %
Higher		7 %
Gender:		
Male		7 %
Female		11 %
Age:		
16 -18		5 %
19 -21		11 %
22-24		11 %
Race/Ethnicity:		
White		5 %
Black		10 %
Latino		13 %
Asian		7 %
Gender & Income:	Male	Female
Poor	12 %	17 %
Near-Poor	8 %	12 %

(Table 4, Continued)

High	5 %	9 %
Race/Ethnicity & Gender:	Male	Female
White Non-Hispanic	4 %	7 %
Black	8 %	11 %
Latino	8 %	18 %
Asian	5 %	9 %
Income, Race/Ethnicity, Gender:	Male	Female
Poor:		
White Non-Hispanic	4 %	7 %
Black	8 %	11 %
Latino	8 %	18 %
Asian	5 %	9 %
Near-Poor:	Male	Female
White Non-Hispanic	4 %	9 %
Black	7 %	9 %
Latino	10 %	19 %
Asian	5 %	7 %
Higher Income:	Male	Female
White Non-Hispanic	4 %	5 %
Black	5 %	11 %
Latino	6 %	13 %
Asian	3 %	9 %

may be good reason to concentrate outreach programs and relevant services at or close to NYCHA developments, as well as in the higher-poverty neighborhoods across the city.

Other locational differences may be useful in siting programs for disconnected youth. Bronx has the highest number of disconnected youth and the highest disconnection rate (15%), compared to the other boroughs where the rate is in the 7 to 9 percent range.

The HVS sample is not large enough to permit accurate estimates by sub-borough district, but some striking differences can be observed. The highest disconnection rates are observed in the Morrisania/East Tremont District and the University Heights/Fordham District of the Bronx. The next highest are located in Brooklyn, in the Bedford-Stuyvesant and East New York/Starrett City Districts. A gross ranking of sub-borough districts with the highest disconnection rates is provided in Table 5.

		Rate
Bronx-2	Morrisania, E Tremont	31 %
Bronx-4	University Hts, Fordham	21 %
Bklyn-3	Bedford-Stuyvesant	18 %
Bklyn-5	E. New York, Starrett City	17 %
Bronx-3	Highbridge, S. Concourse	17 %
Bronx-5	Kingsbridge Hts., Mosholu	16 %
Queens-9	Kew Gardens, Woodhaven	14 %
Bronx-7	Soundview, Parkchester	14 %
Manhn-8	Central Harlem	14 %
Manhn-10	Washington Hts., Inwood	14 %
Bronx-1	Mott Haven, Hunts Point	14 %
Bronx-10	Williamsbridge, Baychester	13 %
Bklyn-13	Coney Island	13 %
Queens-14	The Rockaways	13 %
Queens-3	Jackson Heights	11 %

(rates of 10 percent or less are not listed in the above ranking)

Conclusions

The NYCHA Draft Annual Plan for Fiscal Year 2010 contains several reports on resident employment efforts and outcomes for the previous three years, prior to the arrival of the ARRA \$423 million capital funding. Despite large-scale mailings to resident households (a peak of 535,000 mailings to individual households in 2006), the results of NYCHA efforts appear minimal compared to the full scale of unemployment among NYCHA residents—20,000 job-seekers in 2005, and no doubt more at present. In any one year, the highest number of NYCHA job placements was 461. Grant-funded training initiatives reached a high of 425 individuals in 2008.¹⁵

Despite hundreds of millions of dollars committed each year to capital improvement projects, the absorption of residents in contractor hiring has been very low. (See Attachment Q.) Although NYCHA asks that contractors allocate at least 30 percent of new hires to residents, it appears that most contractors come to NYCHA with a full contingent of workers; few new hires are needed. In FY 2008 only 87 new hires resulted. Less than half (41) absorbed residents rather than non-residents, mostly on “laborer” jobs and some painting jobs. It appears that even NYCHA’s extensive capital program generates relatively few new hires.¹⁶

In conclusion, past NYCHA resident employment and Section 3 efforts have been too limited in scope. Clearly, they have not reached a scale large enough to make a significant impact on job and training opportunities for residents seeking work. With ARRA funds in hand, there is an unusual opportunity for NYCHA to expand its Section 3 efforts and make them more effective. NYCHA plans to distribute the \$423 million to developments in all five boroughs. Brooklyn will receive the largest share, \$181 million for capital work in 18 developments. Bronx will receive \$90 million for 17 developments, Queens \$48 million for 14 developments, Manhattan \$15 million for 10 developments.¹⁷ In addition, NYCHA will commit its ongoing annual HUD capital funding to other major improvements across the city. The scale of the effort over the next three years is unprecedented. Both NYCHA and the federal government must see that appropriate local program mechanisms are quickly put into place to ensure that economic opportunities generated by public housing reach their many unemployed, job-seeking residents.

Recommendations

Although Section 3 has been part of federal law for forty years, there is universal recognition that it has a poor track record, characterized by minimal effort and weak local and HUD enforcement. Currently, there is a federal bill being drafted that attempts to strengthen its implementation. Among its key provisions are firm hiring targets for HUD-funded agencies and their contractors, as well as a “private right of action” that would allow aggrieved parties to take legal action, a prerogative that is critical to enforcement. It accords highest protection to residents in developments where work is being carried out. It also includes greater accountability in terms of local-federal monitoring and reporting, and a required annual public hearing.¹⁸

We recommend that the Section 3 bill—the Earnings and Living Opportunities Act—be enacted by Congress as rapidly as possible, so that current job and training opportunities are not lost.

Section 3 efforts have the potential to increase resident incomes and, in turn, their rent contributions. In an ideal world, an effective local Section 3 program would not only enhance resident economic well-being, it would benefit the authority through increased rents and benefit HUD by reducing the authority’s reliance on HUD operating subsidies. An authority with a strong Section 3 track record would represent a “win-win” situation for all parties.

However, under HUD procedures for determining operating subsidy allocations, a federal formula estimates the operating budget required by each authority, based on number of units, age and size of buildings, and other factors. An authority’s projected tenant rent collections are then deducted from the estimate to determine the HUD operating subsidy allocation needed. As a result, rising rent streams—whether from Section 3 or other factors—do not represent a net fiscal benefit to the authority.

Between 2007 and 2009 HUD underfunded operating subsidies, but it “froze” estimated tenant rent collections at FY 2004 levels, allowing authorities to benefit from any increase in rental revenues. Under the FY2010 HUD budget proposed by the Obama administration, that has changed: HUD will fully fund authorities to meet estimated operating costs, but subsidy allocations will be offset by rent collections. As a result, housing authorities have no fiscal incentive to sustain or expand Section

3 efforts—any increase in rents paid will simply be deducted from their operating subsidy allocation, leaving the authority in a revenue-neutral position. In effect, housing authorities have no fiscal incentive to mount effective Section 3 programs.

We recommend that fiscal incentives be incorporated into federal provisions for operating subsidy allocations and Section 3 implementation that would enable housing authorities to retain increased rental income that can be shown to result from the authority’s Section 3 initiatives.

NYCHA Section 3 efforts have been too limited in scope, short of the scale needed to have an impact on opportunities for residents seeking work. ARRA economic stimulus funds could provide an unusual opportunity.

Even with strong federal requirements, what happens to make Section 3 opportunity a reality at the local level is largely a matter of local will and initiative. Housing authorities, for better or worse, are primarily housing development and management organizations, not workforce developers or employment agencies. To mount an effective Section 3 effort, authorities must ally and collaborate with public and private organizations that bring employment and workforce development expertise to bear on the program. In New York City, NYCHA’s likely partners would be the Small Business Services Division (SBS), Human Resources Administration (HRA), and the Division of Youth and Community Development (DYCD). That kind of interagency coordination and planning can be accomplished only with the strong endorsement and involvement of the local executive, in New York City, the mayor.

We call on New York City’s mayor to act immediately to create an interagency task force to work with NYCHA on the detailed design and targeting of Section 3 programs that provide direct access to opportunities for job-seekers in public housing.

The realization of Section 3 objectives will also require many different approaches and programs. NYCHA must remain open to innovative program proposals that provide opportuni-

ties for the many different subgroups represented in its resident constituency—for those who have not completed high school, for younger women, for men of color, for youths at risk of further disconnection. (One such CSS proposal is included, as an example, in Appendix II.)

We recommend that NYCHA set out a process in which it can respond to and implement innovative proposals that will allow the authority to expand or deepen its Section 3 efforts.

In its 2010 Draft Annual and Five-Year Plan, NYCHA gives some emphasis to long-term Section 3 objectives, but it sketches only briefly some of the mechanisms it is putting into place to implement those objectives. The plan offers no detailed strategy or program mechanism for reaching tens of thousands of resident job-seekers. It does not estimate the number of residents that NYCHA will be able to reach and serve, and there is no projection of the kinds of opportunities residents can expect or the ways in which they can connect with them.

We recommend the NYCHA Annual Plan include a comprehensive description of its Section 3 effort, with estimates of the number and kinds of job/training opportunities that will be generated (by ARRA-funded improvement activities and ongoing HUD capital subsidies), and projections of the number and kinds of residents to be served.

There is a cruel irony when residents from day to day watch large-scale capital improvements being carried out in their developments, while family members and neighbors cannot access the jobs being created. The most committed tenant association presidents often have a difficult, frustrating time trying to find the points of contact through which their residents can gain access to job openings or the skills they need to qualify for job openings. Despite concentrated capital improvements happening on the ground, there is an enormous gap among the major stakeholders—the job-seeking resident, the NYCHA bureaucracy, the contractors, and city agencies responsible for workforce development and employment linkages.

We recommend that NYCHA take steps to link its job/training creation efforts to resident leaders and job-seekers in the developments where opportunities are becoming available. Resident leaders should play a direct role in designing an effective set of program mechanisms to deliver job/training opportunities.

Notes

1. New York City Housing Authority, *FY 2009 Budget and Four-Year Financial Plan*, May 2009.
2. New York City Housing Authority, *Five Year Capital Plan FY2008-2012*, 2008.
3. Low-income is defined by HUD as within 80 percent of the area median income. At present, a family of three with income up to \$55,300 would qualify as low-income in the New York City metropolitan area.
4. See: *Reforming HUD's "Section 3" Requirements Can Leverage Federal Investments in Housing to Expand Economic Opportunity*, by Barbara Sard and Micah Kubic, Center on Budget and Policy Priorities, June 10, 2009.
5. Source: 2008 NYC Housing & Vacancy Survey, conducted by the U.S. Bureau of the Census.
6. NYCHA, *Draft Annual Plan for Fiscal Year 2010*, page 3.
7. NYCHA owns and manages 21,000 units in 21 developments financed by New York City and New York State that are not eligible for federal operating subsidies. The city and state have terminated the operating support they used to provide, which is now estimated at close to a \$100 million annual shortfall.
8. Under the 1969 Brooke Amendment, federal law limits rents charged in HUD-assisted housing to at most 30 percent of household income. In fiscal years 2007 to 2009, housing authorities benefitted from rising rental revenues, under HUD procedures for determining operating subsidy allocations. With the proposed FY2010 HUD budget, that may change. Net increases in tenant rent streams will correspondingly reduce the authority's operating subsidy allocation, leaving authorities with no fiscal incentive to expand Section 3 efforts.
9. NYCHA Draft FY 2010 Annual Plan and Five-Year Plan, page 115.
10. The analysis relies on the 2005 NYC Housing and Vacancy Survey. Demographic and employment data for individuals are not yet available from the 2008 survey.
11. The term "low-income" in this context means incomes within 200 percent of federal poverty thresholds, about \$34,000 annually for a household of three persons.
12. Mark Levitan, *Out of School, Out of Work...Out of Luck?*, Community Service Society, January 2005.
13. The near-poor are defined as households with incomes between 100 and 200 percent of the federal poverty threshold; for a family of three, an income between \$17,000 and \$34,000.
14. Estimates were derived from relevant 2005 HVS data. It should be noted that the HVS estimates may differ from other more authoritative sources. But they are uniquely useful for comparing relative disconnection rates by housing sector and location.
15. See Attachment R, page 144, *NYCHA Draft Annual Plan Fiscal Year 2010*.
16. See Attachment Q, page 143, cited above.
17. The remainder will be distributed across the five boroughs. *NYCHA Summary*, Stimulus Funding, April 2009.
18. The bill is being shepherded in the House by Representative Nydia B. Velazquez—titled The Earnings and Living Opportunities Act—with the hope that the provisions will be included in the House Section 8 Voucher Reform Act (SEVRA).

APPENDIX I

HVS Questions Used:

<i>Person worked last week?</i>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
If not:		
<i>Person looking for work?</i>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
If not:		
<i>Reason: Not looking because of school or other training?</i>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	(“yes” to any)	(“no” to all)
Category	Connected	Disconnected

APPENDIX II

Proposal
 NYCHA Young Adult Service Corps
 Community Service Society
 June 2009

The current economic crisis has already had massive impacts on the stability and well-being of communities throughout the country. Youth and young adult unemployment is growing at staggering rates. To see ourselves through this period, we need to put people to work at scale. At the same time, public housing authorities are the target of federal investments designed to improve their infrastructure, increase employment opportunities, and stimulate the economy. The New York City Housing Authority (NYCHA) expects to receive \$423 million in federal recovery funds. This concept paper proposes a NYCHA Young Adult Service Corps program that would reengage out-of-school, out-of-work young adults who live in NYCHA housing into work-based programs that build their skills while they contribute to the improvement of the NYCHA environment.

The Time Is Now

Unlike ever before, our cities face growing populations of idle, young adults with low levels of education who are out of work. As The New York Times pointed out in the fall of 2008, workers in their teens and early twenties were the hardest hit in the beginning of the economic downturn.ⁱ The situation has only worsened in recent months: according to new data, unemployment among youth and young adults is at its worst level ever. From December 2007 through January 2009, employment of 16-24 year-olds dropped faster than that of any other population.ⁱⁱ Conversely, employment of those aged 55 and over increased during the same period, meaning that the jobs that might have been available for new, younger workers are even less likely to be filled by them. When we look deeper at the out-of-work population, we find that in addition to being disproportionately young, it includes those with low levels of education. High school dropouts were almost twice as likely

ⁱErik Eckholm, “Working Poor and Young Hit Hardest in Downturn,” The New York Times, November 9, 2008.

ⁱⁱ“Labor Market and Fiscal Impacts of Educational Attainment in New York City,” presentation by Paul Harrington of the Center for Labor Market Studies, Northeastern University, at the New York City Dropout Prevention Summit, March 6, 2009.

to lose their jobs compared to high school graduates between December 2007 and January 2009, whereas those with college degrees have been largely insulated from unemployment.ⁱⁱⁱ

Data from the New York City Housing and Vacancy Survey (HVS) allows us to look more closely at the out-of-work population living in public housing. Data from the 2005 HVS tell us the following:

- Fifty-one percent of NYCHA residents (between the ages of 18 and 64) are in the labor force – working (42%), or “unemployed,” not working, but seeking work (9%). Forty-nine percent are out of the labor force (due to disability, school, or other responsibilities).
- This equates to an unemployment rate in NYCHA of 17%, approximately double the New York City average, but similar to rates across the city for the largely low-income residents of color population that is overrepresented in NYCHA housing.
- This “unemployed” population of 20,000 has a plurality of young adults—39% are 18-24 (approx. 7,800).
- This group is also undereducated, with 36% having less than a high school diploma and 80% having no more than a high school diploma.
- The HVS survey also shows an additional 8,000 “disconnected youth,” who are outside of the “unemployed” population because they are out of the labor force (not technically “unemployed”).

Using the 2005 HVS, if we combine the 18-24 “unemployed” and “disconnected” populations, we find an out-of-work young adult population in NYCHA housing of nearly 16,000. Yet, for several reasons, this is likely a very conservative estimate.

- 2005 featured much lower rates of unemployment than we are currently experiencing.
- The HVS may “undercount” disconnected youth figures. The 2005 HVS only produces a disconnection total for all of New York City of 85,000, whereas 2007 and 2008 figures with more robust datasets (the American Com-

munity Survey and Current Population Survey) show DY figures citywide of up to 148,000.

If we use the unemployment and disconnection percentages we currently see in newer, more robust datasets, we can estimate an out-of-work young adult population in NYCHA housing of at least 20,000 individuals between the ages of 18 and 24.

We propose a large-scale local initiative as a model for the nation that would serve and employ approximately 2,500 individuals over the next two years, in rigorous supported-work initiatives. Such an effort would combine the strengths of the public and nonprofit sectors. NYCHA and the Department of Parks and Recreation would define projects on existing public infrastructure, such as housing and parks. Nonprofit and private organizations with the experience and capacity to serve young adults in training and education efforts would implement the programs, working in partnership with the public agencies on oversight and accountability.

There are three major reasons why this is the ideal time to pursue such an initiative:

1. Federal stimulus funds provide resources that target young adult workforce development and infrastructure improvements.

The American Recovery and Reinvestment Act of 2009 (ARRA) provides multiple sources of support for initiatives to reengage young adults in work and skill-building, as well as opportunities to improve our infrastructure. Areas of ARRA that might serve as resources for this effort include:

- Youth and adult WIA funds
- Funding for Green Jobs
- Community Development Block Grant (CDBG) funds

2. We know what works for young adults. There is a widespread misconception that the crisis of unemployed, out of school youth is beyond the point of policy fixes. Evidence suggests otherwise. Rigorous, structured programs that combine remedial education, social supports, and workforce development are proven by research to be an effective means of preparing young people for

ⁱⁱⁱ There are real financial costs to doing nothing about this issue. Young people that are not engaged productively too often become involved in crime and substance abuse. With incarceration costing over \$60,000 per year and substance abuse programs \$20,000, we face a choice of whether we want to invest now in reengaging these young people or pay later for the consequences of our inactivity.

success. Some of the most effective programs include the Service and Conservation Corps, which allow young people to accomplish important conservation, community restoration, and other service projects, while also developing employment and citizenship skills.^{iv}

A large scale regional initiative that builds on these models and shows success within two years could be replicated throughout the country, where there are over four million disconnected young people who need a second chance. Recent federal stimulus funds create a unique opportunity to develop these efforts. Infrastructure and job creation funding across many different funding streams can be leveraged to create the Regional Young Adult Service Corps.

3. We cannot afford to lose a generation of productive citizens.

Considerable research has shown that employment is “path dependent,” where early workplace experience is the greatest predictor of lifetime success in the workforce. Studies have shown that individuals who do not have a successful workplace experience by age 25 face sharply diminished chances of enjoying financial stability over their lifetimes.^v Given that youth and young adult employment is at their lowest rates ever, we must act now.

Across the country, cities and states are beginning to engage in a range of new initiatives to improve infrastructure and “green” our existing systems to make them more environmentally-friendly. These efforts represent an opportunity to develop innovative programs that use supported-work experience to empower and build the skills of disconnected young adults, while also revitalizing transportation infrastructure and preserving and restoring the sustainability of the urban environment.

Supported work is a strategy that simultaneously improves communities and the young people who live there. Through service, young people develop skills, knowledge, and abilities that are attractive to employers and enable them to confidently thrive as responsible, productive members of communities. For those young people who lack basic education skills, the Corps will allow them to see the relevance of the time they will spend in the classroom improving their math and literacy skills as part of the program.

There is historical precedence for the use of transportation and infrastructure funds for the development of targeted employment programs at various levels of government, from Depression-era projects to more recent efforts by the U.S. Department of Transportation, which has increasingly supported Corps programs over the past 15 years.

A NYCHA Young Adult Service Corps

Various models exist on which to base this program. The New York City Justice Corps has implemented a Service Corps model to engage out-of-school, out-of-work 16-24 year-olds with criminal justice system involvement. At two pilot sites, Justice Corps members are working in teams on community improvement projects (four days per week), receiving remedial education services (one day per week), and earning stipends that allow them to stay engaged and support their families and local economies. In addition, participants receive wraparound support services and, upon exit, help to obtain jobs using the skills they have gained in their corps member experience.

Another effort being launched this year for a broader population also provides an example and potential provider of program services. At the end of this summer, Green City Corps will begin its first two cohorts of participants, young adults who will use the corps model to conduct weatherization work at sites in Brooklyn and the Bronx.

We propose that a broader Young Adult Service Corps follow much of the aspects of New York City Justice Corps and Green City Corps, while serving a population of young adult NYCHA residents. The programs could be based and conducted at NYCHA housing, operated by local nonprofits, who work in partnership with NYCHA administrators. Some sample projects for a NYCHA Young Adult Service Corps might include work to improve housing, including painting, maintenance, gardening, renovation, and weatherization.

^{iv} Gary Walker, “Serving High-Risk Youth: Lessons from Research and Programming,” Public/Private Ventures, September 2002.

^v Andrew Sum, “Leaving Young Workers Behind,” National League of Cities Institute for Youth, Education and Families, 2003. Andrew Sum et al, “Confronting the Youth Demographic Challenge: The Labor Market Prospects of Out of School Youth,” Sar Levitan Center, Johns Hopkins University, Baltimore, MD, 2000. Also, Besharov, D.J., and Gardiner, K. “Preventing Youth Disconnectedness,” in Besharov, D.J., editor, *America’s Disconnected Youth: Toward a Preventative Strategy*, Washington, D.C., CWLA Press, 1999.

**Community
Service
Society** | Fighting Poverty
Strengthening
New York

105 East 22nd Street
New York, NY 10010
PH 212.254.8900
www.cssny.org