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COUNCIL OF THE CITY OF PHILADELPHIA
COMMITTEE ON HOUSING, NEIGHBORHOOD
DEVELOPMENT AND THE HOMELESS

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Room 400, City Hall
Philadelphia, Pennsylvania
Monday, May 22, 2006, 10:30 a.m.

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10 Resolution No. 050871: Calling on the
11 Committee on Housing, Neighborhood
12 Development and The Homeless to hold
13 public hearings on the administration's
14 proposed reorganization of housing
15 agencies.

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14 PRESENT: Councilwoman Jannie Blackwell
15 Councilman Frank Diccico
16 Councilman Frank Rizzo

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25

2 WITNESS PAGE

3 Kevin Hanna..... 8
4 Secretary of the Office of Housing
and Neighborhood Preservation

6 Debra McCullough..... 15
Director of Housing

8 Veronica Pankey..... 34
President of AFSME Local 1971

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1 5/22/06 - COMM. ON HOUSING - Res. 050871

2 COUNCILWOMAN BLACKWELL: Good
3 morning. Thank you for being here. The
4 Committee on Neighborhood Development and
5 The Homeless is being called to my order.

6 With me to my right is
7 Councilman Frank DiCicco. We also have
8 Councilman Frank Rizzo here, and we have
9 other members who are in their offices
10 and who certainly, if practice dictates,
11 will be here in a little while.

12 We thank all of you for taking
13 the time from your jobs. I know that
14 it's a sacrifice and a sacrifice on what
15 happens in the summer. We appreciate you
16 being here.

17 And having said that, we're
18 going to ask the clerk to again read the
19 title of the bill.

20 Let me say first that this is a
21 recessed hearing regarding Resolution No.
22 050871 on housing reorg. Our former
23 hearing dates were: November 15, 2005;
24 December 8, 2005; February 9, 2006; March
25 16, 2006; April 18, 2006; and May 2,

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 2006. So today is the seventh hearing on
3 housing reorg.

4 And we will ask the clerk to
5 read the title of the resolution.

6 THE CLERK: Resolution No.
7 050871, calling on the Committee on
8 Housing, Neighborhood Development and the
9 Homeless to hold public hearings on the
10 Administration's proposed reorganization
11 of housing agencies.

12 COUNCILWOMAN BLACKWELL: Thank
13 you.

14 We ask Mr. Hanna to take the
15 witness table, Miss Califano, and anyone
16 else whom they would like to invite.

17 (Witnesses come forward.)

18 COUNCILWOMAN BLACKWELL: Again,
19 we thank all of you for coming.

20 And, you know, I heard on Tom
21 Joyner's show last week one morning, when
22 I was feeling kind of low and worrying
23 about all of and you and worried about
24 this program, I heard him say: If you
25 think you're at the end of your rope,

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 then just tie a knot and hold on. So we
3 know we're trying to do the right thing
4 for the right reasons, so we're going to
5 all hold on.

6 (Applause.)

7 COUNCILWOMAN BLACKWELL: Thank
8 you.

9 Good morning, Mr. Hanna.

10 MR. HANNA: Good morning.

11 COUNCILWOMAN BLACKWELL: Given
12 all of the publicity, et cetera, we
13 thought at this point, and since it's our
14 seventh hearing, that maybe we would
15 swear you in.

16 Do you swear to tell the truth,
17 the whole truth, and nothing but the
18 truth, so help you God?

19 (Laughter.)

20 (Applause.)

21 MR. HANNA: I'm sorry. I was
22 actually looking around for a bible.

23 COUNCILWOMAN BLACKWELL: Okay.
24 I will get mine.

25 (Addressing clerk.) Would you

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 get it off my table, please.

3 We thank you very much. Would
4 you please introduce everyone at the head
5 table with you today, Mr. Hanna, while
6 he's bringing me my bible.

7 MR. HANNA: To my left, your
8 right, is Kathy Califano. Kathy serves
9 as the Deputy Secretary of the Office of
10 Housing and Neighborhood Preservation.

11 To my right, my immediate
12 right, and to your left, is Mary Metzler.
13 Mary represents our organization at --

14 MS. METZLER: Ballard Spahr.

15 MR. HANNA: -- at Ballard Spahr
16 in any labor issues.

17 And to her right, my far right,
18 is Pat Heron. Pat is our Human Resources
19 Director at OHCD.

20 COUNCILWOMAN BLACKWELL: And I
21 note they have been here for the last --
22 is this their third or second hearing?
23 Third? I thought so.

24 And we also note that the heads
25 of the other housing agencies are here,

1 5/22/06 - COMM. ON HOUSING - Res. 050871

2 and we thank them for being here.

3 We see Deb McCullough,
4 Executive Director of the Housing of
5 Community Development; Anthony MacIntosh
6 from Philadelphia Housing Development
7 Corporation, he heads that; Herb Wetzler,
8 Executive Director of the Redevelopment
9 Authority; and John Coates, Executive
10 Director of Vacant Property Review
11 Committee.

12 (Clerk hands bible to
13 Councilwoman Blackwell.)

14 COUNCILWOMAN BLACKWELL: Now,
15 this is my favorite bible, I want you all
16 to know.

17 (Laughter.)

18 COUNCILWOMAN BLACKWELL: And
19 it's a good bible, and I take it to
20 church every week.

21 And having said that,
22 Mr. Hanna, do you swear to tell the
23 truth, the whole truth, and nothing but
24 the truth, so help you God?

25 MR. HANNA: I do solemnly

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 affirm, yes.

3 COUNCILWOMAN BLACKWELL: Thank
4 you.

5 Miss Califano, would you do the
6 same, please.

7 (Laughter.)

8 COUNCILWOMAN BLACKWELL: Do you
9 swear to tell the truth, the whole truth,
10 and nothing but the truth, so help you
11 God?

12 MS. CALIFANO: I swear.

13 COUNCILWOMAN BLACKWELL: Thank
14 you. The others, I don't know if you
15 will speak. If you do, then we will
16 swear you in. Thank you very much.

17 We will now call on you.
18 Unless a member of the committee or
19 Council has something to ask, we'll now
20 call on one of you to deliver your
21 testimony.

22 MR. HANNA: My name is Kevin
23 Hanna. I serve as Secretary of the
24 Office of Housing and Neighborhood
25 Preservation. Good morning, Councilwoman

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 Blackwell and members of the Committee on
3 Housing, Neighborhood Development and the
4 Homeless. I'm here to testify on
5 Resolution No. 050871. I wish to read a
6 brief statement to provide an update to
7 the committee.

8 I met last week with the
9 Redevelopment Authority and the
10 Philadelphia Housing Development
11 Corporation to have them present to me
12 their first takes on the impact that the
13 budget cuts and reorganization will have
14 on their respective agencies.

15 As has been our custom for the
16 last several years, they will make
17 arrangements to meet this week with the
18 union leadership to discuss their budgets
19 and how they plan to deal with the
20 funding cuts.

21 I wish to respond further that
22 we did meet as planned with the Mayor the
23 week of our previous hearing. However,
24 we did not have certain information which
25 he thought necessary. We now have that

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 information and are scheduled to meet
3 again with them -- the mayor, that is --
4 on Wednesday.

5 As you know, we have met with
6 you and members the RDA and PHDC to work
7 out a compromise on our strong desire and
8 your strong desire to maintain VPRC and
9 the administration's desire to create a
10 land bank.

11 At our last meeting on Friday,
12 this past Friday, you raised several
13 important issues which we followed up
14 upon with the Law Department and Risk
15 Management this week.

16 And with that, Madam
17 Councilwoman, I'll answer to the extent
18 that I can any questions that you or
19 committee members might have.

20 COUNCILWOMAN BLACKWELL: Thank
21 you very much.

22 As all of you know, we've been
23 very concerned about program delivery,
24 the process for program delivery, as well
25 as the personnel involved in any housing

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 reorganization.

3 As we have said -- and I
4 understand those involved won't be
5 testifying -- we know that this is an
6 important issue.

7 And unless I'm incorrect,
8 Mr. Hanna, you can confirm or deny that,
9 that the heads of agencies -- John Coates
10 from Vacant Property Review Committee,
11 Anthony MacIntosh from PHDC, and even a
12 person not involved in this, Dainette
13 Mintz from OESS -- are involved in
14 housing reorg and in changing positions
15 and are affected personally by this
16 housing reorganization plan. Isn't that
17 true?

18 MR. HANNA: Yes, that's true.

19 COUNCILWOMAN BLACKWELL: And
20 their perspective positions as leaders,
21 are their situations worked out?

22 MR. HANNA: No, they're not,
23 but we have had conversations with -- I
24 take that back. Miss Mintz's situation
25 has been worked out by virtue of her

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 promotion to the Director of OESS.

3 As for the other people that
4 you have just mentioned, they have not
5 been completely worked out, but we have
6 had conversations with them.

7 COUNCILWOMAN BLACKWELL: And
8 I'm not even sure even Miss Mintz's
9 situation is straight because she went
10 from OHCD, and I don't know whether that
11 is the same plan, but that is an issue we
12 won't take up here today.

13 With regard to the others, I
14 mentioned that to say that if the
15 leadership positions are not worked out,
16 we know that the union members rank and
17 file, no matter from whence they have
18 come, their situations are not worked
19 out.

20 And I said this to you and I've
21 said it to the Mayor, that City Council
22 is due to recess on June 15th, and if we
23 have not resolved any of these issues
24 with regard to who is concerned, how
25 they're concerned, and what happens, what

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 happens then to any of these departments
3 at the end of May or at the end of June
4 since our fiscal year starts July 1?

5 MR. HANNA: What happens to...?

6 COUNCILWOMAN BLACKWELL: What
7 happens to personnel? We are -- we
8 haven't even identified who is to be
9 reorganized, less said a reorganization
10 plan, a process for programs and
11 individuals. If we consider the
12 individuals, how can we move forward when
13 we don't know who's involved and where
14 they might work?

15 MR. HANNA: You're absolutely
16 right. We won't -- we can't move forward
17 until we know and unless we know who's
18 involved, who's moving where, and
19 assigning some kind of a time frame to
20 that.

21 COUNCILWOMAN BLACKWELL: Having
22 said that, then my next question is:
23 Since all of this comes under the
24 Consolidated Plan, any monies or maybe
25 not, in terms of housing reorganization,

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 how much is involved from the
3 Consolidated Plan, and what part of it or
4 percentage could be from the General
5 Fund?

6 Where do we stand with where
7 the monies from all of this might come
8 from?

9 MR. HANNA: The budget that
10 Council passed on Thursday, a budget
11 which I still haven't seen but have heard
12 about, that budget includes, I guess, two
13 components of the General Fund as being
14 contributed to the Consolidated Plan in
15 the Office of Housing.

16 One is that typical -- I think
17 the number is like \$224,000 that's --
18 that has been contributed from the
19 General Fund to the Office of Housing and
20 our programs within the past couple
21 years.

22 But in addition, through
23 legislation that created the Housing
24 Trust Fund, there is the potential for
25 another \$20 million or so to be

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 contributed, again, from the General
3 Fund, and that those funds come to the
4 City first before they're siphoned off
5 and sent to the Office of Housing.

6 So I suppose the General Fund
7 impact could be somewhere around 20 to
8 \$21 million.

9 COUNCILWOMAN BLACKWELL: Okay.
10 Now, if we're talking about money that
11 would come from the federal government to
12 the Administration and then to the Office
13 of Housing and Community Development,
14 that's the way this money flows; is that
15 correct?

16 MR. HANNA: Correct.

17 COUNCILWOMAN BLACKWELL: All
18 right. If we're talking about that, the
19 general flow of dollars, then it seems to
20 me that the -- that we have to consider
21 how we -- that we can't dispose of it
22 until we resolve the issue of the
23 Consolidated Plan and the Housing Trust
24 Fund and those dollars overall; is that
25 correct?

1 5/22/06 - COMM. ON HOUSING - Res. 050871

2 MR. HANNA: That's correct. In
3 fact, unless this issue comes to some
4 kind of a resolution by the time Council
5 is scheduled to go out on recess, then
6 the City stands to lose all of the
7 federal dollars that typically come
8 through -- or that are represented by the
9 Consolidated Plan.

10 COUNCILWOMAN BLACKWELL: My
11 understanding from last year or maybe the
12 year before is that, technically, the
13 feds don't have to have it until about
14 October.

15 MR. HANNA: Correct.

16 COUNCILWOMAN BLACKWELL: Okay.

17 MR. HANNA: But if COUNCIL
18 doesn't get back -- if Council were to
19 wait to act on this until they got back
20 from -- from recess, it would be too
21 late.

22 In fact, we have to have
23 certain information -- and I'm going to
24 ask Debra to come up in a second. I
25 think we have to have certain information

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 into Washington, into HUD, by like August
3 in order to meet HUD's deadlines, and HUD
4 gets back to us by September sometime.

5 Debra can add a little bit more
6 light to that, I think.

7 (Witness comes forward.)

8 COUNCILWOMAN BLACKWELL: Thank
9 you. Good morning.

10 MS. McCULLOUGH: Good morning.
11 I'm Debra McCullough, Director of
12 Housing.

13 The Consolidated Plan must be
14 submitted to HUD no later than August the
15 15th. And that's because HUD has to have
16 the budget before -- and the Con Plan
17 with its budget 45 days before the end of
18 the federal fiscal year, and the federal
19 fiscal year ends September 30th.

20 So we must have submit the
21 Consolidated Plan on or before August
22 15th, or we would be in danger of losing
23 the funding that was allocated to us for
24 the current federal fiscal year.

25 So working backwards from that,

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 we need to have a Con Plan approved by
3 City Council before the Council goes into
4 recess on June the 15th so that we can
5 submit it to HUD to meet the August 15th
6 deadline.

7 COUNCILWOMAN BLACKWELL: Then
8 my question still is: How do we do a
9 plan? How do we approve a plan that
10 nobody has yet? How do we approve a plan
11 when we don't know where people work?

12 If we don't know where
13 leadership is or what their jobs will be,
14 how do we do it for rank-and-file people
15 across the board, and how do we in
16 Council consider it a process for our
17 programs being approved in our respective
18 districts?

19 MR. HANNA: What that means,
20 Councilwoman, is -- and your points are
21 valid. What that means is that in the
22 next two weeks, all of this stuff has to
23 be worked out. We don't necessarily have
24 to, by June 15th, be able to tell you
25 exactly which individuals will end up

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 working at RDA, PH, and RD -- and OHCD.
3 In fact, we can't do that because of the
4 bumping process.

5 We can tell you -- well, we
6 will tell you over the next two weeks our
7 recommendations for that. But, again,
8 even after those recommendations are
9 made, the bumping process needs to take
10 its course before anybody will know
11 anything with any finality.

12 COUNCILWOMAN BLACKWELL: And
13 how long a process could that be?

14 MR. HANNA: The bumping process
15 could be, depending on how many people --
16 I don't know -- three months, four
17 months?

18 COUNCILWOMAN BLACKWELL: So if
19 bumping could take four months alone,
20 that aspect of housing reorg, then I
21 don't know you -- how can you be straight
22 by September 30th or August 15th if you
23 don't know if bumping won't be completed?

24 MR. HANNA: No, we don't have
25 to submit HUD the names of all of the

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 individuals who will be working at the
3 Office of Housing. What we need to
4 submit to HUD is our plan for spending
5 the money.

6 In the past, when there have
7 been layoffs, we represented to HUD that
8 we spend X-dollars for administration for
9 RDA, OH, and PHDC. And then HUD left it
10 up to us to figure out how to -- how to
11 spend those dollars.

12 COUNCILWOMAN BLACKWELL: Well,
13 Mr. Hanna, if it's taken us November 15th
14 of '05, December 8th of '05, February 9th
15 of '06, March 16th of '06, April 18th of
16 '06, and May 2nd of '06, and now today,
17 May 22, '06, how do you do we know what
18 will happen?

19 We cannot in good conscience at
20 our seventh hearing say go and do it and
21 we trust that it's going to happen and
22 people will be protected, 'cause it
23 hasn't happened.

24 This is our seventh hearing,
25 and it hasn't happened since last --

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 since before Thanksgiving, so how do we
3 know what will happen, and how do we know
4 that people will be protected as well as
5 programs provided for, given the fact
6 that we don't know now and that you
7 haven't identified who's involved yet?
8 How do we know?

9 (No response.)

10 COUNCILWOMAN BLACKWELL: And
11 let me give you a question that maybe you
12 can answer -- or two questions.

13 I have pulled out these charts,
14 my staff did, with regard to -- that you
15 gave out, I don't know, at the last
16 hearing or at the hearing before on some
17 level of housing reorg. Are these -- do
18 you -- are these in any way valid?

19 I assume everything -- well,
20 let me ask you: Do you view these as
21 valid charts at this point?

22 MR. HANNA: Yes, I view them as
23 valid insofar as they represent
24 estimates. I think I know what you're
25 holding; obviously, I can't see the print

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 from where you're sitting and from where
3 I'm sitting.

4 But I think what you're holding
5 are, among other things, our estimates of
6 savings from the various categories from
7 administrative, from personnel, et
8 cetera.

9 COUNCILWOMAN BLACKWELL: I'll
10 pass you my copies. I'm sure you have
11 them because you gave us these copies.
12 And then if anybody wants copies, then
13 we're happy to duplicate them.

14 MR. HANNA: Thank you.

15 Yeah. This... this particular
16 sheet outlines our best estimates as to
17 the savings that would be accomplished
18 through administrative initiatives,
19 benefit initiatives, and personnel
20 initiatives, along with our estimates of
21 certain costs that would go along with
22 the reorganization.

23 The second sheet was actually
24 provided to you at your request. You had
25 asked for a chart indicating the

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 differences among and between the various
3 agencies and how that related to the
4 City.

5 To the extent that these
6 benefits have not changed since they were
7 submitted to you -- and there's no date
8 on them. To the extent that these
9 benefits haven't changed, yeah, we --
10 I'll tell from you our standpoint, we
11 deem them both to be accurate.

12 Again, that first one, the
13 8-by-11, should be considered an
14 estimate.

15 COUNCILWOMAN BLACKWELL: And as
16 we were concerned then -- and we still
17 are concerned -- it seems to us that the
18 City has some estimate.

19 You know, some people say 50
20 people, some people say 90, some people
21 say 150, some people say 190. You know,
22 you get all kinds of numbers about
23 reorganization and personnel being
24 switched.

25 And we don't know -- we've

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 asked -- do you have a number estimate
3 about who's involved and from which
4 departments they would come?

5 MR. HANNA: Yes, we do have
6 that estimate but I will leave it to the
7 RDA again.

8 But it's been our custom in the
9 past to sit down with the union
10 leadership first and then for them to
11 share that information with the rank and
12 file. I can tell you from OHCD's
13 standpoint, again, as I stated at the
14 last hearing, we looked to hire somewhere
15 around, I don't know, between 80 and 90
16 people. Most -- all of those -- well, 80
17 to 90 people.

18 In talking with PHDC last week,
19 in talking to the RDA last week, they now
20 have estimates as to how the budget cuts
21 and reorganization are going to impact
22 their respective agencies. They're going
23 to give those specific number, or a range
24 of numbers -- they can't give a specific
25 one yet but a range of numbers to the

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 union leadership this week.

3 COUNCILWOMAN BLACKWELL: What
4 about the issue of incentives?

5 And maybe people would -- and
6 I've asked you this in private meetings
7 and I'll say here that we've asked about
8 incentives being offered to employees who
9 may want to go to another department if
10 the offer is such that they would be
11 willing to consider it.

12 Has the Administration even
13 considered making offerings? Not a DROP
14 but some other way to offer people
15 incentives, and then maybe people would
16 want to consider it?

17 MR. HANNA: Yes, absolutely.
18 In fact, that's going to be the main
19 topic of conversation when we meet with
20 the Mayor on Wednesday. I can't offer
21 all of those kind of definitive offers --
22 options to people until and unless I get
23 the Mayor's signoff on it.

24 But, yes, we've given quite a
25 bit of thought to what those kind of

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 offerings, what those kind of options can
3 be. Obviously, we have to be careful to
4 stay on the right side of the labor
5 contracts.

6 But, yeah, we're absolutely
7 positively looking at it, and we will
8 present the Mayor with options along the
9 lines of what you just talked about.

10 COUNCILWOMAN BLACKWELL: Let me
11 ask another question. All of this
12 reportedly began because of -- is it
13 \$7.8 million; is that what the cut is
14 supposed to be from the federal
15 government, \$7.8 million?

16 MR. HANNA: That's the
17 cumulative cut we will see when
18 accounting for CDBG, HOME, and HOPWA
19 dollars, yes.

20 COUNCILWOMAN BLACKWELL: All
21 right. Then let me ask you another
22 question.

23 Since all of this comes under
24 OHCD and the Consolidated Plan, why can't
25 we take or borrow from the plan to get

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 rid of this problem and move forward and
3 not have the threat of Council going out
4 of session on June 15th?

5 And since you have a deadline
6 of August 15th and we don't come back to
7 session until around the third week of
8 September, why can't we take this from
9 someplace else -- it's all in the same
10 housing projects -- and get past this
11 emergency?

12 (Applause.)

13 MR. HANNA: What do you mean by
14 "borrow from"?

15 COUNCILWOMAN BLACKWELL: Maybe
16 even the Housing Trust Fund dollars. Why
17 can't we take the 7.8 million we need?
18 We have a brand-new program called
19 "Housing Trust Fund" -- no funds have
20 ever been expended from it to date. It's
21 brand-new plan. It is not, you know --
22 it has not expended one dime to date.

23 MR. HANNA: Mm-hmm.

24 COUNCILWOMAN BLACKWELL: Why
25 don't we this year, whether we have to

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 create a resolution or legislation, or
3 since it's all housing funds and it's all
4 expended under OHCD, why can't we take
5 the 7.8 out of that \$13 million dollars,
6 and then we don't have this problem, and
7 then we don't need to reorganize? Why
8 can't we do that?

9 (Cheers.)

10 (Applause.)

11 MR. HANNA: Well, there are a
12 couple issues.

13 First of all, it's state
14 legislation that creates housing trust
15 funds that permit municipalities in the
16 Commonwealth to establish housing trust
17 funds. That state legislation limits the
18 amount of money that can be used for
19 administration to 10 percent of the
20 housing trust fund dollars.

21 Now, if there's a way to, while
22 remaining in compliance with the State
23 legislation, if there's a way to figure
24 out a way to move money around or in some
25 way to do what you're asking to do, we'll

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 certainly find it. That's the answer --
3 or that's one answer to one of your
4 questions.

5 Another comment, though, that I
6 need to make is: There is the need to --
7 I've always represented, Councilpeople,
8 that what we're doing here has -- has --
9 we're here for two reasons.

10 One is budgetary, meaning the
11 \$7.8 million that was thrust upon you was
12 by Washington. The other is the way that
13 we're structured.

14 Now, I've talked about this
15 before, the fact that there were
16 redundancies. There is -- there are ways
17 to better organize ourselves so that the
18 money that we do spend, so that we could
19 be able to spend less money on
20 administration, freeing up dollars to put
21 more money on the street into adaptive
22 modification, into BSRP, into affordable
23 rental.

24 Again, two aspects to what
25 we're doing. One is budgetary. The

1 5/22/06 - COMM. ON HOUSING - Res. 050871

2 other is from an efficiency standpoint.

3 Now, I would submit that even
4 if the budgetary gap could be plugged,
5 there are still enough other reasons to
6 pursue reorganization in an effort,
7 again, to keep as much money on the
8 street as possible.

9 Now, the impact on the
10 employees will certainly be less than if
11 we combine both reasons together. But
12 even if you took away the budgetary
13 issue, there are still efficiency reasons
14 to go through some measure of
15 reorganization.

16 COUNCILWOMAN BLACKWELL: I
17 believe that the union, the employees,
18 and the Council have never said that we
19 can't always be more efficient -- that's
20 everybody. We can always be more
21 efficient in our own offices.

22 And so we've never thought that
23 where there's an overlap that we're not
24 willing to consider that. We are happy
25 to consider it; the union's saying that.

1 5/22/06 - COMM. ON HOUSING - Res. 050871

2 The union has not said that
3 they're not willing to even consider
4 their part -- the redevelopment part, the
5 part that the employee considers. But
6 obviously, it's never been put on the
7 table in a way that we can deal with it,
8 or else we wouldn't be here for our
9 seventh hearing.

10 AUDIENCE MEMBERS: Right,
11 right.

12 COUNCILWOMAN BLACKWELL: So
13 that's where we are with those two
14 issues.

15 But my question is, and I hear
16 you saying that the state legislation
17 limits administration to 10 percent.
18 Then why can't we take money from the
19 Housing Trust Fund and put it directly
20 into HOPWA, into HOME programs; we don't
21 have to put it into administration.

22 (Applause.)

23 MR. HANNA: Well, Councilwoman,
24 that's what I had in mind when I said to
25 you just now that if there is another way

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 to move money around, we will certainly
3 look into trying to get that done.

4 COUNCILWOMAN BLACKWELL: We
5 believe -- again, I say this to my
6 colleagues and to all who are here, that
7 it's all housing dollars. So we should
8 be able, within our housing budget, to
9 work out issues to fund our needs so that
10 we don't have to go through all of this
11 grief we're going through.

12 People shouldn't be, on May
13 22nd, they shouldn't be worried about
14 going away this summer or whether or not
15 they're going to have a job in September;
16 it's not fair, it's not right, it is
17 morally wrong.

18 And we have to we have to
19 realize that we're here. Everybody here
20 pays taxes, and that we have to try to be
21 fair to the people who elect us as
22 elected officials and who make sure that
23 all of you as appointed officials are
24 paid.

25 It always comes from the

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 public, and that's where it comes down to
3 that's what it comes down to; that's
4 where it comes down to in our mind.

5 So, again, we're asking that
6 that be considered as a way to get past
7 this impasse.

8 I don't know if we still have
9 the money issues. When you said we don't
10 have to go to this degree, I don't know
11 that we need a big housing office. We've
12 had small ones in the past where
13 functions have changed. We haven't had
14 to have hearings like this about it all
15 summer long when we need to improve how
16 we operate.

17 Improving the process and how
18 we operate is not an issue, but it
19 shouldn't take a citywide effort and fear
20 of what housing reorganization means and
21 who it affects and how it affects
22 neighborhood programs in order to deal
23 with the issue.

24 So we're again asking that you
25 consider this, and we want to know if you

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 have any other suggestions as to -- or,
3 Miss McCullough, as to if you don't agree
4 with the Housing Trust Fund, if you have
5 other suggestions, if you could put them
6 on the table for us as to where else
7 these dollars may come. Or,
8 Miss Califano, we're happy to consider
9 any other place. I tried to come up with
10 something. You know, you pray about it
11 all the time for some way we could deal
12 with this issue.

13 So -- but we're happy to
14 consider any other funding or delayed
15 funding or funding for next year or the
16 year after if you would like to consider
17 that.

18 Do you have any suggestions
19 that you would like to put on the table?

20 (No immediate response.)

21 COUNCILWOMAN BLACKWELL: As to
22 where funding might come? Or funding
23 that is deferred for a year or two? We
24 all know that there are always programs
25 that don't move when they should, and if

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 there's funding from that pot of money,
3 something -- you know, some programs have
4 problems; that's natural. And sometimes
5 we may -- we can defer money for those
6 programs.

7 I'm saying that we're willing
8 to consider any other funds within the
9 CDBG. We're willing to consider other
10 funds that we may want to use to get past
11 this impasse.

12 And if -- and I said this to
13 the Mayor. If the Mayor is committed to
14 housing reorg anyway, even if we remove
15 the dollar issue, which doesn't make
16 sense to me, if we remove the dollar, we
17 can just improve; we don't need to
18 reorganize.

19 If the Mayor is still committed
20 to housing reorg, then we're against
21 saying if he doesn't want to take the
22 whole \$7.8 million, that he should take
23 half of it out of the Housing Trust Fund
24 and delay this reorganization until maybe
25 November so that we all have time to meet

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 in a process where there's no hammer over
3 our heads to get it done.

4 You know, it is my
5 responsibility as chair of the Committee
6 on Housing, Neighborhood Development and
7 the Homeless and as chair of the Council
8 Committee on Finance through which the
9 CDBG hearings come, it's my
10 responsibility to try to help come up
11 with solutions and not just articulate
12 problems. And we want to do that.

13 I know I've been holding the
14 bills, I know that. And it is not my
15 goal to delay program funding and to
16 delay the process in any way, but we do
17 feel that we have to have a plan, and we
18 have to know what the process is to
19 protect programs and to protect all of
20 the people who are here today. And
21 that's where we are, that's where we are.

22 And, you know, since the
23 Housing Trust Fund has started sending
24 letters around to my colleagues, telling
25 everybody to push to get the it released,

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 they know what comes out of CDBG. And,
3 you know, nothing gets released until we
4 introduce the CDBG legislation.

5 But I say to them, you know,
6 the ball is in my court. I put on the
7 table that we release funds from the
8 Housing Trust Fund to programs that will
9 affect the CDBG funding so that we can
10 move forward, and then I'm happy to
11 introduce the bills and everything works
12 out fine.

13 I'd ask you all to comment in
14 that regard -- you, Mr. Hanna, and you,
15 Miss McCullough.

16 MR. HANNA: Well, I don't know
17 that there's a whole lot more that we can
18 add. Obviously, I'm not going to speak
19 for my colleagues.

20 And like you, we've looked high
21 and low and have tried to shrink, if not
22 eliminate, that deficit, that cut in
23 funding.

24 You know, one of the reasons
25 for forming a land bank, for instance, is

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 to try to sell more property in an effort
3 to get more resources, more revenue, in
4 an effort to shrink this gap. That was
5 one of the ideas that we put forward.

6 In addition, we ask -- well,
7 we've asked a number of people, from the
8 union to state to federal to local
9 elected officials to appointed officials,
10 for them to come with us with any ideas
11 that they may have as well, understanding
12 that we don't know all and see all. But
13 to date, what I am faced with is a
14 \$7.8 million gap, but until -- but we'll
15 continue to look.

16 And certainly what you've put
17 out relative to the use of housing trust
18 fund dollars we'll consider. But, again,
19 we have to make sure we stay within the
20 parameters and the confines of State law.

21 But the deck that I've been
22 dealt so far has a \$7.8 million deficit
23 in it. And until and unless more
24 resources are brought to the table,
25 something has to be done. Again, even

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 without reorganization, something has to
3 be done to fix that very large and
4 looming problem.

5 COUNCILWOMAN BLACKWELL: Thank
6 you.

7 Would -- Miss Pankey, would you
8 like to testify? Thank you very much.

9 (Witness comes forward.)

10 COUNCILWOMAN BLACKWELL: Again,
11 we say we try to come up with ways we
12 think can solve the problem. So now, as
13 they say, the ball is within the
14 Administration's court to work with us to
15 solve the problem. Well-meaning people
16 can solve amending and this is a
17 legitimate problem, a long-standing
18 problem.

19 You know, we've tried to come
20 up with -- we've been praying about it
21 and trying to come up with ways to help
22 resolve it. And if we can transfer money
23 into the areas where we need it, then we
24 shouldn't have a problem and we shouldn't
25 need this reorganization.

1 5/22/06 - COMM. ON HOUSING - Res. 050871

2 Tightening up and overlap is
3 one thing; we do that all the time, and
4 that's not a big reorganization effort.
5 But certainly moving some hundred people
6 around within the agencies is a big
7 thing.

8 And at May 22nd, when we recess
9 June 15th, that's a big thing. We need a
10 way -- we want to meet you more than
11 halfway, but we need a way to do that.
12 Thank you.

13 Good morning.

14 MS. PANKEY: Good morning.

15 COUNCILWOMAN BLACKWELL: Please
16 identify yourself for the record.

17 MS. PANKEY: Good morning,
18 Councilwoman Blackwell. My name is
19 Veronica Pankey, President of AFSME Local
20 1971. And this is Joseph Wills, Vice
21 President of Local 1971.

22 Just to give the committee an
23 update on where things stand in regard to
24 talks with the Administration pending
25 housing reorganization, we have not had

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 any meetings since March 22nd regarding
3 the transition process of this
4 reorganization. We had left some
5 questions on the table with the
6 Administration and are looking for a
7 response, but we have not received that
8 to date.

9 However, there has been a
10 meeting with PHDC on May 3rd, at which
11 time they informed the union that they
12 would be having a layoff and that layoff
13 notices would be issued by June 30, 2006.

14 They did not at that time
15 identify the number of individuals who
16 would be affected nor the number of
17 positions that will be affected but made
18 it clear that they would be having a
19 layoff and was in accordance with the
20 collective bargaining agreement between
21 the union, and PHDC had asked us for
22 alternatives to layoffs.

23 With a 50 percent budget cut, I
24 don't know that there's anything
25 particularly that we can issue to them as

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 cost-saving measures that will put a dent
3 into a 50 percent budget cut to them.
4 However, we are complying with the
5 collective bargaining agreement and are
6 gathering and soliciting our members for
7 alternatives to layoffs at PHDC.

8 Likewise, at the Redevelopment
9 Authority on Thursday, May 18th, we
10 received a written correspondence from
11 Mr. Wetzel, stating that there, in fact,
12 would be a layoff of some 50 to 60
13 employees at the Redevelopment Authority,
14 and they too have asked for alternatives
15 to layoffs. And there is a meeting
16 scheduled with the members of our Local
17 1971 tomorrow to have a discussion
18 regarding that.

19 Again, our position is: With a
20 50 percent budget cut to the
21 Redevelopment Authority, there is
22 absolutely nothing that we believe that
23 they would consider to put a dent in the
24 50 percent budget cut that has been
25 bestowed upon them.

1 5/22/06 - COMM. ON HOUSING - Res. 050871

2 Looking back at some of the
3 information that has come out to you in
4 these hearings, specifically this list of
5 items of concern for the Administration,
6 and they compared the unions, our local
7 to that of District Council 33 and
8 District Council 47, I can say to you
9 that none of these issues have changed,
10 nor have any of them been addressed since
11 we last met.

12 There has not been any contract
13 negotiations held, and there are none
14 scheduled for any of the three agencies.
15 So, therefore, these items of issues of
16 concern for them will continue to be a
17 concern for them until we get back to the
18 table and until they are ready to
19 consider the concessions that they have
20 on the table.

21 We will not, we will not
22 consider any of their concessions until
23 they are really ready to consider some of
24 the items that we have on the table. We
25 have limited the number that we initially

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 submitted, but none of them are
3 appetizing to them, nor is anything they
4 submitted have to us appetizing to us.

5 This transition process that we
6 need to get through is going to be a very
7 difficult process, and the union is
8 ready, willing, and able to meet with
9 this administration on any day, including
10 the weekend, on any hour of the day,
11 providing that they come with an open
12 mind and a willingness to bend.

13 If, in fact, they intend to
14 meet with us with the same attitude that
15 they have had with our contract
16 negotiations, then there will be issues
17 that will be held in vain, and there will
18 not be any progress made.

19 We know how many members we
20 have in our union. We have approximately
21 195 now, and that's as a result of a
22 number of individuals who have retired in
23 the past two months.

24 Keeping in mind those
25 individuals who have left, those

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 positions haven't been filled, and the
3 job is still being done. Again, they're
4 turning to the union to get the job done
5 for them, and we continue to not to get
6 any recognition.

7 That is not something that sits
8 very well with us, but we take it. We
9 take it, and we continue to do what we
10 have to do.

11 But what also is not so happy
12 for us -- not only is it the fact that
13 individuals are leaving and retiring, and
14 the positions aren't being filled, but
15 then we also get information that some
16 management and administrations are
17 continuing to get their coffers lined
18 with pay increases -- specifically the
19 executive vice president of PHDC who
20 recently received a pay increase.

21 While we say that we're all
22 here to work and we're all here to make a
23 dollar, but the recognition that any of
24 the management staff receives is from off
25 the backs of the labor movement here, off

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 the back of labor.

3 (Applause.)

4 MS. PANKEY: It would not be --
5 if it was not for our efforts and for our
6 hard work and us piling the widgets,
7 hammering the nails, and going out and
8 doing the job on a day-to-day basis, they
9 would not get the recognition, they would
10 not get the dollars in their pockets,
11 they would not be able to line their
12 coffers.

13 But we get nothing. They get
14 all the glory and we get absolutely
15 nothing for all of the work that we do.

16 We're asking not only for
17 consideration and open minds to be
18 brought to the table when we deal with
19 this transformation process regarding
20 this housing reorganization, but we're
21 also asking for the same consideration in
22 trying to obtain a contract.

23 There's no secret that we have
24 gone four-plus years without a contract.
25 And, again, we're going through the same

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 cycle.

3 However, if it is the
4 Administration's desire to obtain a
5 contract with us -- and they've clearly
6 stated that they want a contract and one
7 that mirrors that of the City -- we want
8 to make it clear here again, as we have
9 made it to the table, that if unless --
10 that if they do not come to the table
11 with an open mind and a willingness to
12 remove or at least to present to us their
13 reason for the requests for all of the
14 concessions, their demonstration to us
15 why they believe the concessions that
16 they're asking for are absolutely
17 necessary, we will not have any movement.

18 We will not give into the
19 layoff language that they're asking for.
20 We will not give into change in benefits.
21 We will not give into anything unless
22 they can clearly demonstrate to us the
23 need to do that -- other than saying
24 because we want to do that.

25 There are lots of things that

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 we wanted but we chose to take them. We
3 had them on the table, and we've even
4 considered to take them off the table.

5 But each and everything that we
6 have presented to them in our last
7 sessions has continued to be no, but then
8 they expect us to accept every item that
9 they have on the table in exchange for
10 any type of economics or just to get a
11 contract.

12 And that's not something that
13 we can consider. We cannot consider that
14 and we will not consider that.

15 So, again, we understand where
16 things stand regarding this
17 reorganization at this point, which is
18 nowhere. We still have no additional
19 information than we had since we were
20 last here.

21 We do expect that the
22 Administration will be meeting with us at
23 some point to talk about the transition
24 process and come to the table with some
25 information for us to consider.

1 5/22/06 - COMM. ON HOUSING - Res. 050871

2 We will not continue to come to
3 the table and pour our hearts out to them
4 and give them our information and walk
5 away from the table with our pockets
6 continuing to be turned inside out.

7 That's always how it's been.
8 We always walked away from the table with
9 no information. It's always: I can't
10 answer that question or I'll get back to
11 you or we haven't met with this person,
12 we haven't met with that person.

13 But, in fact, they come to us
14 and for information and we give them the
15 information. No more. We can't continue
16 to give, give, give and not get anything
17 in return. We're already doing that on a
18 daily basis.

19 (Applause.)

20 MS. PANKEY: So at this point,
21 again, we're asking the committee to
22 consider any and all changes to the
23 budget that have been submitted.

24 At this point, listening to the
25 Administration prior to me speaking, they

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 use the April 15th deadline as a ploy,
3 you know, as a form of trying to force
4 the budget to be put into place.

5 I don't think that that's
6 fair -- not only to the members of this
7 union but to the citizens of
8 Philadelphia, because what they fail to
9 realize is that even when this process
10 takes place, there will definitely be
11 some impact on the service that's
12 provided to the City, clearly.

13 (Applause.)

14 COUNCILWOMAN BLACKWELL: Do you
15 have any idea how many -- you said you
16 have 195 members. How many did you have
17 before? Do you have any idea how many
18 people are gone already?

19 MS. PANKEY: Since the hearing
20 started, we were at 207. And as of
21 today, we're at 195, and those
22 individuals -- most of those individuals
23 left as a result of retirement, and the
24 majority of them were that of the
25 Redevelopment Authority. They will be

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 split between the Redevelopment Authority
3 and PHDC, the majority of that being the
4 Redevelopment Authority.

5 COUNCILWOMAN BLACKWELL: Thank
6 you, thank you very much.

7 (Applause.)

8 COUNCILWOMAN BLACKWELL: We'll
9 ask Mr. Hanna to return. Thank you.

10 Oh, Councilman Rizzo, did you
11 have a question for Mr. Hanna as well?

12 COUNCILMAN RIZZO: I want to
13 make sure I'm understanding clearly.

14 COUNCILWOMAN BLACKWELL: For
15 the union or for Mr. Hanna?

16 COUNCILMAN RIZZO: For the
17 union, more or less a statement.

18 COUNCILWOMAN BLACKWELL: Go
19 ahead.

20 COUNCILMAN RIZZO: So you can
21 retreat; I'm not going to require you to
22 have a response.

23 But I'm glad to be here today
24 to be able to stay in the loop, to
25 understand the process, and to hear

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 exactly what's on the table and what's
3 not on the table.

4 And what I did hear -- and
5 maybe Mr. Hanna can respond to that when
6 we gets to the table -- is that there's
7 urgency now, there's dollars that are
8 possibly in jeopardy. Maybe, maybe not.

9 But it sounds like the delay,
10 the possibility of there being some
11 critical timing is, based on what I'm
12 hearing here today, that if there were a
13 little more talk back and forth to answer
14 some of the questions, we might be in a
15 position to move forward. But until we
16 have a communication that's satisfactory,
17 what I'm hearing is that there's very
18 little communication.

19 So, Mr. Hanna, I just don't
20 want you to blame City Council for the
21 dilemma that you've put yourself in.

22 (Applause.)

23 (Cheers.)

24 COUNCILMAN RIZZIO: Thank you,
25 Madam Chair.

1 5/22/06 - COMM. ON HOUSING - Res. 050871

2 COUNCILWOMAN BLACKWELL: All
3 right. Mr. Hanna, we have a question for
4 you. Please approach the witness table.

5 (Witness returns to witness
6 table.)

7 COUNCILWOMAN BLACKWELL: Thank
8 you very much.

9 Councilman Rizzo?

10 COUNCILMAN RIZZO: All I would
11 like to hear is just to correct the
12 record. If, Mr. Hanna, what we're
13 hearing today is that people are waiting
14 for some -- and not just people, but
15 leadership of the union that appear to be
16 waiting for answers to very important
17 questions. I can't think of a more
18 important question than about my job.

19 (Applause.)

20 COUNCILMAN RIZZO: And if
21 there's been a delay, I think it's only
22 fair to we in Council that you take some
23 of that responsibility in that delay.

24 MR. HANNA: Councilman, I've
25 never shirked any responsibility for

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 delays in providing information. I've
3 never shirked that. I will say that to
4 represent that there's been no
5 communication is a misrepresentation.

6 I will say, too, that to some
7 extent, the information that has been
8 provided has been information that folks
9 didn't necessarily want to hear. Nobody
10 wants to hear that there are going to be
11 layoffs or that there's going to be an
12 X.X million-dollar cut in funding. Not
13 to have told people that would have
14 really been reprehensible.

15 It's my job as the Secretary of
16 Housing to share that kind of information
17 when it's available.

18 Now, I agree. I wish that we
19 did have more information, and I wish we
20 had had more information starting with
21 November 15th, the date of the first
22 hearing.

23 Again, I've not shirked that
24 information -- or shirked responsibility,
25 and I've now -- I apologize for not

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 providing it, but it wasn't as a result
3 of our trying to, you know, steer people
4 in the wrong direction or misdirect
5 people.

6 If the information is available
7 and if I can share it, I've done that.
8 In the past, there has been information,
9 but it has not always -- I've not always
10 been given the authority to share it. I
11 think that's probably where most people
12 take offense.

13 And, again, given the hierarchy
14 of the Administration, those kinds of
15 things are going to happen. I apologize
16 for it.

17 But, again, given that the guy
18 who hired me tells me when and when not
19 to share information, when it's safe to
20 and when it's not safe to share certain
21 information, again, I'll take that
22 responsibility as the Secretary of
23 Housing.

24 COUNCILMAN RIZZ0: Well, it's
25 awkward for you to possibly be prepared

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 and want to communicate and not have the
3 authorization to give that information,
4 and I think that's what ruffled many of
5 the members in this Council, that we came
6 to meetings and we expend a lot of time
7 on staff, and there was more effort to
8 collect the papers after the meeting than
9 to communicate at the meeting.

10 So it's just a -- it's just a
11 shame that you weren't given that ability
12 to communicate.

13 And I'm not saying that that's
14 across the board. But you just said it
15 right now, that the information is not
16 available or the ability or authorized to
17 give the information.

18 So that's why I'm paying so
19 much attention to this, because that ran
20 the flag right up the pole for me, and I
21 got real focused when, all of a sudden,
22 the secrecy and not being able to
23 communicate with people that you want to
24 help you make a decision or authorize you
25 to do certain things in this government.

1 5/22/06 - COMM. ON HOUSING - Res. 050871

2 So, I mean, shame on you guys
3 if you're running out of time. And I
4 just wanted to make it real clear that
5 it's not this Council's responsibility.

6 (Applause.)

7 COUNCILMAN RIZZO: Thank you,
8 Madam Chair.

9 COUNCILWOMAN BLACKWELL: Let me
10 say, Mr. Hanna, so that you may let the
11 Administration know, that we're very
12 disappointed that the unions had to tell
13 us that they've been approached with the
14 timeline of a 30-day notice of layoffs.
15 It's the most offensive thing I've heard
16 today.

17 We've been meeting since last
18 November, and this is our seventh
19 hearing, and nothing has changed. We
20 feel that nothing's changed, that people
21 have wasted taking all of their time off
22 and wasted all of these efforts.

23 I mean, we know that we've been
24 blessed to try to come up with some way
25 where this can be funded. It's all

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 housing dollars. And if we can resolve
3 it within this framework, I don't
4 understand why we have to be here, why
5 unions get layoffs.

6 It's so offensive for the
7 Administration to just keep on going as
8 if we haven't been doing anything, making
9 any appeals to them to try to resolve
10 this matter.

11 Further, let me say this to the
12 Administration: We're going to continue
13 this hearing until Thursday, June 8th, at
14 1 p.m., but I hope that you will let them
15 know.

16 I'll introduce the legislation
17 I have on the Housing Trust Fund and CDBG
18 when all of this is resolved. I'm happy
19 to do that, it's my responsibility as
20 chair of the Finance Committee and chair
21 of this committee on Housing,
22 Neighborhood Development and the
23 Homeless.

24 But we expect to see some
25 movement to resolve this when we

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 introduce that legislation, and that
3 hasn't happened. I'd like to introduce
4 it on Thursday, but I need to know, after
5 your meetings tomorrow, that we've made
6 some progress so that I can be assured
7 that things are moving forward.

8 At this point, the
9 Administration continues to move ahead
10 and we continue to make appeals and
11 nothing happens and. So as the
12 Administration uses what at its disposal,
13 I'm using what's at our disposal. And
14 we're going to hold up the legislation
15 and wait to hear from you tomorrow
16 sometime, and we're ready when you're
17 ready.

18 MR. HANNA: Okay.

19 COUNCILWOMAN BLACKWELL: And
20 that's how we feel about the issue.

21 MR. HANNA: Okay.

22 (Applause.)

23 COUNCILWOMAN BLACKWELL: Again,
24 we would like to meet on June 8th with an
25 addendum with different organizational

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 maps that we hope can be prepared by then
3 as we meet, as you meet with the unions
4 to talk about legitimate housing reorg.

5 We would hope that we will hear
6 from the unions and you and the
7 Administration that all of this layoff
8 language -- did you give them numbers?
9 Well, they said 50 percent of their
10 workforce is to be laid off.

11 Can you tell us what that
12 means?

13 MR. HANNA: No. I believe --
14 and please feel free to call Miss Pankey
15 back up, but I think Miss Pankey related
16 to you what came out of her meetings with
17 PHDC and RDA. I wasn't in those
18 meetings, so you would have to ask her.

19 COUNCILWOMAN BLACKWELL: She
20 said 50 to 60 RDA. She didn't say how
21 many from PHDC.

22 MR. HANNA: Again, those are
23 conversations that I wasn't privy to.

24 COUNCILWOMAN BLACKWELL: Well
25 50 percent is 50 percent; half is half

1 5/22/06 - COMM. ON HOUSING - Res. 050871

2 any way you look at it.

3 We are really, really concerned
4 about all of the residents of our city
5 who give and who need their jobs and who
6 want to do their jobs and who served time
7 at their jobs.

8 We've still heard nothing about
9 the woman who will be 55 next year and
10 has worked 36 years for the City. We've
11 heard nothing about the person who has
12 worked nine years for the City and is
13 ready to be vested, and now they're told
14 for the second time that -- we've heard
15 nothing about vary many situations
16 involving people.

17 And we've tried not to make it
18 personal, but it's personal when you deal
19 with folks' jobs and their income and
20 their livelihood and how they support
21 their families.

22 We are very concerned about all
23 of our programs being funded in our
24 neighborhoods. Ten of us are District
25 Council people. We want our programs

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 funded and we want our city to move
3 forward; we want things to work.

4 But we have to be -- you can't
5 accomplish a good way in evil means, so
6 we've got to do -- no good will come of
7 it. We have to do the right thing, and
8 we have to try to do it in the right way
9 so that our city moves forward in a
10 positive direction with our workers
11 protected.

12 And so, again, please let the
13 Administration know that we want to
14 introduce all of those bills. You know,
15 it's not my goal, and has never been my
16 practice, to hold up legislation. I've
17 not done it in the past, but then we
18 haven't been quite in this situation in
19 the past.

20 So we hope that tomorrow we may
21 hear of some resolution so that we can
22 move forward.

23 I respect the fact, as Deb
24 McCullough, said that we need to move
25 forward, but we have to do so with a

1 5/22/06 - COMM. ON HOUSING - Res. 050871
2 process and a plan, and we will wait to
3 hear from you in that regard.

4 Having said that, is there
5 anyone else who would like to say
6 anything at this hearing?

7 (No response.)

8 COUNCILWOMAN BLACKWELL: Then
9 our hearing will be recessed until
10 Thursday, June 8th, at 11:30 a.m.

11 Thank you.

12 (Applause.)

13 (Meeting adjourns at 11:30
14 a.m.)

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C E R T I F I C A T E

I HEREBY CERTIFY that the
proceedings, evidence, and objections are
contained fully and accurately in the
stenographic notes taken by me upon the
foregoing matter on May 22, 2006, and
that this is a true and correct statement
of same.

JOSEPHINE CARDILLO
RPR-Notary Public

(The foregoing certification of
this transcript does not apply to any
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