



# CITIZENS • BUDGET • COMMISSION

Contact: Carol Kellermann  
212-279-2605, ext. 322

Maria Doulis  
212-279-2605, ext. 316

## **CBC REPORT HIGHLIGHTS STRATEGIES FOR NEW YORK CITY HOUSING AUTHORITY TO IMPROVE OPERATIONS AND CLOSE DEFICITS**

### **Report Recommends Specific Actions Needed to Enhance City's Public Housing to Better Serve Residents**

**New York, NY - April 29, 2015** - The Citizens Budget Commission (CBC) today released a report on the New York City Housing Authority (NYCHA) that identifies the sources of its projected \$150 million deficit in 2016 and offers recommendations for improving its fiscal condition.

The report - titled "[Cleaning House: How to Close the New York City Housing Authority's Operating Gaps](#)" - provides a financial analysis of NYCHA, the largest public housing agency in the nation with more than 178,000 housing units at an annual operating cost of \$2.6 billion.

NYCHA has struggled with operating deficits in the last decade, and those deficits have significantly affected conditions at many developments. The report reveals the following reasons for those deficits:

- *Insufficient and Unreliable Operating Subsidies*- Congress consistently underfunded operating subsidies for public housing authorities, including NYCHA, in the last decade. In addition, obtaining federal support for units built by the City and State has proceeded more slowly than originally planned.
- *Low Nonrental Income* - Only minimal income has been generated from other sources, including appliance charges, parking permits, commercial activity, and undeveloped land.
- *Low Rent Collections* - NYCHA's average collection rate is just 77 percent, well below the federal target of 95 percent, resulting in millions of dollars in lost revenue for which NYCHA is not compensated.
- *High Operating Costs per Unit* - NYCHA's monthly operating costs are \$320 per unit greater than that of a private rent-stabilized unit: \$936 per unit in 2012, compared to



## CITIZENS • BUDGET • COMMISSION

\$616 per rent-stabilized unit. Primary drivers include personnel costs due to generous fringe benefits, inflexible work rules, and redundant management structure; high utility costs, which tenants do not pay and have no incentive to curb; operation of redundant community and senior centers; and limited use of outside maintenance contracts.

The report recommends NYCHA address its operating deficits through the following actions, which would eliminate the projected deficit in NYCHA's financial plan:

- *Raise Operating Revenues* - Increasing rent collection rates to NYCHA's 95 percent target will generate an estimated \$39 million in 2016. NYCHA can also generate more than \$26 million annually in nonrental income by increasing parking permits to market rate, increasing monthly fees for appliances, expanding commercial activities, and raising rent collections from nonprofit tenants that do not make any payments.
- *Curb Expenses* - Streamlining management to curtail the scope of responsibility for borough offices to nonredundant functions would save \$13 million in 2016, growing to \$33 million by 2019. Eliminating responsibility for community and senior centers would save \$19 million annually and limit service provision to better-equipped City agencies and nonprofits.
- *Improve Productivity* - NYCHA should improve productivity by increasing use of Job Order Contracting, which streamlines and shortens the process to perform more routine maintenance; by negotiating work rule changes in collective bargaining to limit overtime compensation for work performed in the evenings and on weekends; and, in the long term, by pursuing cost savings through private property management. Reducing the operating cost gap between NYCHA and rent-stabilized units by 10 percent would yield \$68 million in annual savings.

Productivity improvements would, among other things, address the lengthy periods of time in which apartments are unnecessarily vacant and repair needs are unaddressed.

"The New York City Housing Authority provides a vital service by supplying much-needed affordable housing," said CBC President Carol Kellermann. "It's crucial that it be operated efficiently so that it better serves its mission and residents and is financially sustainable."

"NYCHA's residents would be better served if it more successfully met its responsibilities as a landlord," said Maria Doulis, CBC's Director of New York City Studies. "NYCHA's rent collection rate is poor; it has not vigorously pursued opportunities to increase nonrental income, and its operating costs remain high. NYCHA has the tools to balance its books and should use them."

The full report is available at [www.cbcny.org](http://www.cbcny.org).