

Finally Some Good News on Public Housing

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I think I'm getting a taste of what it must be like to be a funeral director at a cocktail party. Talking about the urban poor in the midst of the worst recession in memory is not the kind of light chatter people are looking to hear about over drinks. Moreover, I make it worse because I keep telling people - usually as they are quickly excusing themselves to get another glass of wine - that we haven't seen the worse yet.

So I've decided just for a change of pace to write about something that's great for New York and could only have happened with a unique meeting of the minds between the White House, the Mayor's Office, and the unique background of the new chairman of the New York City Housing Authority (NYCHA), John Rhea.

With relatively little press, NYCHA, HUD, and the city managed to get HUD to take over the support of 21 public housing developments that were created over the past decades by the city and state but receive no federal subsidy. These units were indistinguishable from the rest of the housing authority units but, over time, both the city and state removed their support from them in large measure, driving NYCHA into deeper and deeper deficits. As recently as 2006, the Authority was running a deficit of \$168 million, \$100 million of which was directly attributable to the carrying costs of the 21 orphaned developments, which neither the federal government, nor the city, nor the state were attempting to help.

A great deal of the credit for this deal goes to John Rhea, the new chairman of NYCHA, whose background in finance and banking made him uniquely positioned to work out a complex financing deal involving HUD, Citibank, and New York City.

I can't think of anything more vital to the poor of the city. In New York City, nearly 500,000 people live in NYCHA's 180,000 units spread over 340 separate developments. Taken alone, the population of the Housing Authority is equivalent to the entire population of the city of Atlanta, Georgia.

In the last few years, NYCHA has shown signs of increased economic stress, potentially putting the entire public housing system for New York at risk. With homelessness rising steadily in the city, and the costs of decent affordable housing in the private rental market continuing to escalate despite the recession, the need to stabilize the existing subsidized housing stock can't be overstated. So for once I'm cheering the city, NYCHA, and the Obama administration for being willing to "think outside the box" to save what's vital for poor New Yorkers.

Of course, now that they've done this, I have more requests - the city still insists on charging NYCHA \$73 million for police services, something it doesn't do for private, for-profit developers! And \$23 million for Payment in Lieu of Taxes (PILOT), something it doesn't require of the Museum of Modern Art - which charges so much that the working poor can't get in - or of New York University Hospital, which routinely denies the uninsured medical services that are beyond its emergency room. So the City of New York has to step up as well. Maybe a couple of developments renamed Bloomberg Houses might help the process with private donations as well.

But all my carping aside, congratulations to NYCHA, the city, HUD, and Citibank for doing something that advocates had been calling for years, but is now a reality.