



**NEW YORK CITY HOUSING AUTHORITY**

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# PRESS RELEASE

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## **NYCHA Board Approves Fiscal Year 2007 Budget**

### ***Takes Steps Necessary to Preserve Public Housing in New York City***

The Board of the New York City Housing Authority (NYCHA) today approved a Fiscal Year (FY) 2007 budget along with a four-year Financial Plan. The budget consists of \$2.76 billion in operating funds and \$655 million in capital funds. In an era of disinvestment in public housing by the Federal Government, NYCHA's 2007 budget reflects a far-reaching effort to ensure that public housing, as well as Section 8 assistance, remains intact as a vital resource for 655,000 New Yorkers who receive housing assistance through NYCHA. It builds on NYCHA's Plan to Preserve Public Housing (PPPH), which established a strategic course of action to address NYCHA's long-term fiscal imbalance. The budget also continues Mayor Michael R. Bloomberg's commitment to public housing through the provision of \$50 million in operating funds and \$100 million in new capital funding to NYCHA by the City.

The budget takes actions within NYCHA's control given the ongoing realities of diminishing Federal subsidies, escalating non-discretionary costs and limited State aid to operate public housing. "This budget requires hard choices given the limited amount of new aid provided by Washington and Albany," Chairman Hernandez said. The Board is taking the steps necessary to ensure fiscal stability while maintaining our commitment to the residents of public housing. It is not responsible to stand by and wait for relief that is promised but may not be forthcoming. We intend to continue New York City's 73 year tradition of providing public housing," he added.

For the last five years, NYCHA's expenses have outpaced revenues. Between FY 2003 and FY 2006 NYCHA instituted measures that resulted in savings of \$527 million. The current budget reflects the cumulative effects of initiatives NYCHA has taken to reduce spending or increase revenue. NYCHA:

- Reduced headcount by approximately 2,000 positions
- Raised rent levels for the 27% of NYCHA households with the highest incomes
- Cut administrative expenses for an annual savings of \$18 million
- Reduced overtime spending for an annual savings of \$29 million
- Increased service and parking fees
- Expanded community center space rentals
- Increased commercial rents and rooftop leasing fees
- Maintained its national lead in managing energy by replacing inefficient gas ranges, refrigerators and hot water tanks with energy-efficient appliances
- Reduced electric bills by 20% to below private market rates via long-term agreements to purchase electricity from the New York Power Authority

The elements of the PPPH over which NYCHA had jurisdiction to cut spending and increase revenue were put in place. The PPPH resulted in a balanced budget in 2006, which included \$120 million in funding from the City. However expected federal aid included in the PPPH such as Moving to Work, which would have allowed fungibility of operating, capital and

Section 8 funds, did not come to fruition and is no longer assumed in the 2007 budget. In the FY 2007 budget, NYCHA will continue to implement service modifications to reduce costs and increase revenue. NYCHA will:

- Eliminate vacancies - \$45.5 million in savings
- Identify and sell vacant or surplus NYCHA land to the City for the development of additional affordable income housing - generate \$50 million
- Reduce workforce by 500 positions on October 1, 2007 - \$30 million annually
- Use \$100 million in Capital Funds for Maintenance Operations
- Impose a partial hiring freeze – \$10 million in 2007

Additionally, NYCHA has:

- Requested \$62 million in operating subsidy from the State of New York to meet its obligation to support 15 state-constructed developments, of which \$3.4 million was received in 2007
- Submitted an application to transition 8,400 unfunded City- and State-constructed units to Section 8. This proposal, which would secure a stable funding mechanism for these units, is pending before the U.S. Department of Housing and Urban Development (HUD). The plan will allow NYCHA to continue to own and manage these units as affordable housing for low-income New Yorkers – generate \$2.2 million

Despite these actions taken by the Board, there remains a deficit of \$51 million in the 2007 budget. Funding received from Washington and Albany has continued to fall short of needs. Overall federal funding to HUD has not met the national needs for each of the last five years as a result of inadequate federal appropriations. This year, that shortfall translates into NYCHA receiving only 83% of the funding allotted for eligible costs under a new reduced funding formula. Capital assistance has also been cut from a high of \$420 million in 2001 to an estimated \$324 million this year, 23% less than what NYCHA received six years ago.

NYCHA will continue to work closely with the New York City Congressional delegation to increase its Federal operating subsidy. In the final Federal 2007 budget, the new Congress was able to increase operating funding by \$54.6 million, though this provides NYCHA with only 83% reimbursement of eligible costs. NYCHA's Board is hopeful Congress will again increase funding levels in 2008. NYCHA, in concert with other public housing authorities, is pursuing an increase in the HUD appropriations, which could result in an additional \$47 million in funding to NYCHA. The Agency is also supporting federal legislation introduced by Senator Charles Schumer and Congresswoman Nydia Velázquez that would federalize certain public housing units, which would yield about \$54 million in funding.

NYCHA will also continue to press its case in Albany to expand operating funds to support the state-constructed developments, and is also urging Albany to pass legislation to increase the shelter allowance for public assistance recipients who reside in NYCHA developments. A bill has been introduced by Assembly Member Vito Lopez and Senator Andrew Lanza that would provide NYCHA with the same shelter allowance as is received by private landlords. Once fully phased in, this could provide NYCHA with over \$26 million in the first year.

New York City is the home of the nation's first public housing. NYCHA is committed to keeping that tradition vital, healthy and strong.

The NYCHA 2007 budget and Financial Plan are both available on the NYCHA website at [www.nyc.gov](http://www.nyc.gov).