

Public Funding for NYCHA Now:

Addressing the Present and Ensuring the Future of NYCHA

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Overview

Concerns:

- ❖ Living conditions are uninhabitable, NOW, and worsening.
- ❖ Tenants have few, if any, other housing options in NYC.
- ❖ Homelessness is debilitating for households, and costly for the City.
- ❖ The City's plans to repair and modernize campuses is de facto a privatization and displacement scheme; and it does not generate enough cash flow to address the need.

Demands:

- ❖ City, State and Federal Governments must revisit their budgets and reprioritize NYCHA so that ALL of the \$32 billion needed to repair and modernize units and buildings can be allocated now, so that reparative justice for past harms can be addressed, and so that public housing can be expanded to meet the needs of more New Yorkers.
- ❖ This isn't just possible, it is necessary, and incumbent upon a City who has continuously neglected NYCHA residents and its legal obligation to them.

Concerns

❖ Deterioration, Decimation, and Displacement

NYCHA's state of [negligence and disrepair](#)¹ has been well documented across the city, and the Queensbridge, Ravenswood, Astoria, and Woodside Houses in Western Queens have not been exceptions to the current state of affairs. Lead paint, mold, days without heat and hot water, broken elevators, vermin, and grossly overdue repairs are threatening public housing residents' health, safety, quality of life, and financial stability. Meanwhile, as buildings continue to crumble around tenants, the risk of collapse - or explosion, as occurred in a unit in Brooklyn in 2019 - is amplified. The displacement that would occur in either of these situations, or if buildings were deemed unsafe by the City and condemned, would have negative consequences for residents and the city as a whole.

Climate change-related weather events pose additional risk. Most NYCHA buildings are over 50 years old and were not built with consideration for climate change resilience. The proximity of Queensbridge, Ravenswood, and Astoria Houses to the East River waterfront make them particularly vulnerable to storms that many climate scientists predict will continue to occur. Moreover the floodplain in which they exist has already been adjusted from 100 years to 5 years. These realities mean public housing communities are also "frontline communities" for whom direct displacement by climate-change-related weather events is a real concern.

Displacement from public housing would leave former NYCHA residents having to seek housing on the private market. Though NYCHA residents represent a range of incomes, the median household income is less than \$25,000, and many are seniors on fixed incomes. This means that NYCHA residents would have to compete with other extremely-low and very-low income households in the search for what is already a highly insufficient supply of privately-owned affordable housing. Should housing be obtained, these former NYCHA households would face similar risks of housing insecurity and rent burden that already characterizes the housing experiences of their peers in private-market housing. In cases where housing cannot be obtained, otherwise capable households would be relegated to the challenging if not debilitating situation that is homelessness.

Beyond the human component, [there are costs to the city for allowing NYCHA to continue to deteriorate](#)². In a scenario under which 10% of NYCHA units become uninhabitable, the unhoused population would increase by 62% and bring the citywide count to over 100,000 people. This would require an additional 200 homeless shelters, which would cost the City and State almost \$700 million. The City faces other serious negative ramifications if NYCHA's repairs are not made. This is because public housing and its residents are part of the City's employment and economic ecosystem. NYCHA residents make up a significant proportion of the City's municipal workforce (particularly the Department of Education, the NYPD, CUNY, and the Administration for Children's Services). Also, NYCHA residents spend over \$2 billion annually and own over 650 local businesses. Each year, NYCHA supports 30,000 jobs and

generates \$6 million in economic activity. Finally, NYCHA campuses provide space for a wide range of social services and community facilities, including senior centers, pre-school and child care facilities, and open space for recreation.

❖ Privatizing NYCHA Threatens More Harm than Hope

Deteriorating and uninhabitable conditions are the result of a ramping up of budget cuts at the state and federal level towards the end of the last century. While repairs and modernization have been given a price tag of \$32 billion, budget cuts also prompted a \$60 million operating deficit, which has further reduced the housing authority's capacity.

In 2015, the City proposed a plan, NextGeneration NYCHA, to address NYCHA's crisis. The plan was released in December 2018, retitled - NYCHA 2.0 - and includes four mechanisms that the City says will fix and modernize public housing across the city and preserve it for generations to come. These mechanisms include 1) PACT (Permanent Affordability Commitment Together) to preserve it, 2) Build to preserve it, 3) Transfer to preserve it, and 4) Fix it to preserve it.

>> **“PACT to preserve it”** uses RAD (Rental Assistance Demonstration) and other mechanisms that allow the City to convert units to Section 8, and transfer properties to private management. By 2028, 62,000 units are to be completed.

The City argues that this is not privatization because the land is leased while ownership via the property deed remain in the City's pocket. This technicality doesn't seem meaningful; instead, at best, this is de facto privatization.

To say more, what does this technicality afford tenants? As the sole managers and owners of the properties, the City has failed to protect and fulfill tenants' rights to fair and decent housing. Moreover, with private managers being responsible for the day-to-day activities of the properties, what kind of control or responsibility will the City have for the properties? Instead, the City's management capacity, control over, and responsibility for converted properties and their tenants is considerably diminished, if not eradicated.

Examples - past and present, local and national - suggest this transference of properties and tenants' futures into the hands of private managers will result in tenant displacement.

Locally and presently, the City piloted RAD at the Ocean Bay Houses in Far Rockaway in 2016. Between January 2017 and February 2019, [Ocean Bay had the highest rate of eviction](#)³ of all public housing across the city - more than two times the next highest rate. This displacement [mirrors trends found among conversions across the country](#)⁴ since RAD was established by the Obama Administration.

Historically, we can make comparisons to the increased interest of private actors in rent-regulated housing over the last 25 years, which was accompanied by tenant harassment,

displacement and the net loss of nearly 150,000 units. Many of these actors used a predatory equity business model that relied on loans with repayment schedules that could not be met by existing rental income. Instead, loan amounts were based on future projections of rental increases that would be made possible by tenant turnover. [Tenant harassment was key to this process](#)⁵. The predatory equity story of rent-stabilized housing stemmed from policy changes in the mid-90s which repositioned regulated housing as a more-secure and profitable investment opportunity. NYCHA 2.0 similarly repositions an important affordable housing stock; quite literally it signifies, [NYCHA is open for business](#)⁶.

We need only to return to our discussion above to understand the implications of displacement.

>> **“Build it to preserve it,”** also known as “infill,” is the City’s plan to allow private development on NYCHA campuses. They argue that new development will only occur on areas that are “under-utilized.” So far, the city has targeted parking lots and playgrounds. These are resources used by and relied upon by the community. Moreover, new developments produce 50% market rate units, or “affordable” units that are beyond the financial means of many NYCHA tenants and working-class communities, and may contribute to broader gentrification processes taking place at the neighborhood level.

>> **“Transfer to preserve it”** creates a new financial instrument out of the air above some NYCHA buildings, allowing it to be sold to neighboring private developments so they can build taller. This will generate a mere 3.1% of the total \$32 billion needed, while increasing density which may strain existing neighborhood resources that existing residents rely on.

>> **“Fix it to preserve it,”** the final mechanism, says that the money generated from these three other mechanisms will be used to fix and modernize NYCHA. But even the City’s own claims highlight that it will only generate a fraction of what is needed. Specifically, the \$24 billion these mechanisms will generate over the next decade is only 75% of the \$25-32 billion that NYCHA needs to right now to address capital repairs.

And how many households will be displaced in that time period? And will these commitments be upheld by the next mayor?

Demands

Public housing tenants have waited for a viable solution long enough. In the meantime, buildings have continued to deteriorate and tenants’ mental and physical health has suffered, which has created unnecessary hardships. And now the City is pursuing privatization measures they and we know will displace tenants and threatens to end public housing as we know it.

And yet, public housing, even now in its deteriorating state, is an crucial affordable housing option for more than 400,000 New Yorkers, and increasingly so as land values and rents

continue to rise, wages continue to effectively stagnate and decline, and social supports continue to be cut.

If anything, the hundreds of thousands of tenants that fill the waiting lists, sleep city shelters, on streets, subways, and parks, doubled or tripled with friends and family, or making lives in other inadequate arrangements tells us that more public housing is needed.

To that end, we demand the following:

❖ **Make public housing a budget priority**

First and foremost, we call on the City, State and Federal governments to make NYCHA a budget priority, and reprioritize financial resources to meet address NYCHA's existing capital needs, modernize buildings and units for future generations, and ensure buildings are adequately maintained going forward. As with other landlords in NYC, NYCHA tenants have a right to live in decent conditions; and as their landlord, these governing entities have a legal responsibility to meet that need. Moreover, given the City's \$90+ billion budget and the State's \$168 billion budget, covering these expenses would be but a drop in the bucket.

Towards this end, there are several options that can be pursued.

- Congresswoman Nydia Velaquez has put forth the [Public Housing Emergency Response Act](#)⁷, federal legislation that if passed would allocate \$70 billion for public housing capital repairs and upgrades nationally.
- Fight for NYCHA, a collective of tenants, activists, artists, and advocates opposed to the privatization of public housing, has put for [The People's Budget for Housing, Justice and Dignity](#)⁸. This plan identifies multiple options to raise money by taxing corporations and the wealthy and removing tax abatements that favor the top 10% of income earners, some of which are legislation-ready. In total, this plan finds \$390 billion available.
- Jointly, public officials could pursue closing of tax loopholes that allow large corporations and wealthy actors to offshore income and avoid paying taxes to the US government. SEC filings show that [Apple alone would need to contribute about \\$60 billion](#)⁹ to the country's coffers. Moreover, research by the Citizens for Tax Justice and the U.S. Public Interest Research Group Education Fund shows that jointly, the top 500 largest US companies who hold more than \$2.1 trillion in accumulated profits offshore, [would contribute more than \\$620 billion](#)¹⁰.
- State-level tax abatement programs should also be closed; specifically the [421-a and 485-a programs](#), which cost our state about \$4 billion annually, and only benefit corporate landlords and wealthy developers.

- A [pied-à-terre tax](#)¹¹, as sponsored by Senator Brad Hoylman in spring 2019, could institute a progressive surcharge on non-primary residences worth \$5 million or more. Ranging from 0.5% to 4% on homes worth more than \$25 million, State Budget Director Robert Mujica estimates the new tax would generate \$9 billion in new revenue over the next decade.

The City can also reallocate money they have promised to other projects, or plan to. The public money promised for these three projects alone would make up more than half of what is needed to meet NYCHA's capital repairs.

- \$10 billion allocated to build 4 new jails, as has been proposed by a coalition of organizations and activists led by No New Jails NYC. Low-income and working-class communities of color comprise 90% of public housing, and suffer disproportionately from policing and imprisonment. Taken together, the decision to fund jails rather than public housing suggests the city is more interested in building cages to warehouse working-class communities of color rather than taking any steps to improve their quality of life and well-being.
- \$2.7 billion allocated to the Brooklyn-Queens Connector, a trolley connecting the Brooklyn and Queens waterfront which [residents, activists, and progressive planners have opposed](#)¹² on the grounds that it [serves real estate interests more than existing tenants](#)¹³.
- The billions that would be used to develop over Sunnyside Yards. [Public investment in the Hudson Yards development ultimately tallied \\$5.6 billion](#)¹⁴; the area of Sunnyside Yards is more than 6x's that of Hudson Yards.

❖ Make up for past harms incurred by ongoing neglect

Second, the city should set aside additional funds to offset the health consequences tenants are now living with as a result of the inadequate living conditions our City, State and Federal governments have provided these tenants.

The impact housing can have on the physical and mental health of tenants is not new. When housing is in good condition it can promote good health outcomes; conversely, when homes are ridden with environmental hazards like mold or infestations, are not adequately heated, or provide other unnecessary challenges, it can have negative consequences for health.

Remedying health crises, or maintaining while undergoing health issues can be costly - in health care costs, in taking it upon oneself to address poor living conditions, or in time lost from working.

Beyond addressing NYCHA's capital needs, City, State and Federal governments should attempt to make up for added costs incurred by tenants due to their flagrant and ongoing neglect.

❖ Climate resiliency for public housing

Third, and related to future considerations for NYCHA buildings and tenants, public officials should take strides to address the threat climate-change-related events pose to these frontline communities. At the very least, retrofitting buildings and shoring them up to be able to withstand flooding is essential and should be inextricably linked to broader plans to fix and maintain public housing.

Towards this end, we support the broad aims of the [Green New Deal for Public Housing](#)¹⁵ as proposed by Representative Alexandria Ocasio-Cortez and Senator Bernie Sanders. Their plan allocates up to \$172 billion over the next 10 years to repair and retrofit public housing units to improve living conditions for tenants now and in the future.

❖ Expand public housing to meet the needs of more New Yorkers

Fourth, and also in line with the Green New Deal for Public Housing, we call for the repealing of the Faircloth Amendment, which was adopted in 1999 to halt the expansion of public housing. Public housing provides affordable, stable housing that has been crucial for households subjected to lower wage work and those on fixed incomes. Expanding public housing would extend affordable, stable housing to more households, to help meet the need of those who are currently unhoused or inadequately housed. With more than 130,000 individuals accessing city shelters in 2019, tens of thousands more living on the streets, in subways and parks, and doubled and tripled up with friends and family, and hundreds of thousands on waiting lists for public housing, the repealing of this amendment and the commencement of building new public housing cannot come soon enough.

❖ Support already-in-place community support and control mechanisms

Fifth, we call on NYCHA to better support existing community support and control mechanisms.

Specifically, in addition to funneling more money towards addressing repairs, greater oversight of section 3 - the provision that ensures NYCHA residents are considered first and foremost of the repair-related jobs - is necessary. In providing local work, this can further support tenants' well-being.

Education and support related to resident management corporations (Resolutions 964) should also be provided. RMCs create avenues for tenants to have more control over their lives and their shared properties by involving them partially or entirely in the management of their buildings and developments. RMCs can provide viable alternatives for counteracting the

mismanagement and abuse of properties and financial streams that have in part contributed to the mess tenants find themselves in today.

Additionally, we call for more transparency of local Tenant Association elections and governance.

References and Resources for More Information

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