



Legislation Text

File #: Res 0978-2005, **Version:** A

Res. No. 978-A

Resolution calling upon President George W. Bush and the federal Department of Housing and Urban Development (HUD) not to revise the operating subsidy formula for funding public housing that will cost New York City up to \$166 million annually, and calls upon Congress to reject this change if imposed by HUD.

By Council Member Reyna, The Speaker (Council Member Miller), and Council Members Barron, Brewer, Clarke, Fidler, Gennaro, Jackson, James, Koppell, Liu, Nelson, Perkins, Sanders Jr., Seabrook, Weprin, Monserrate and The Public Advocate (Ms. Gotbaum)

Whereas, The New York City Housing Authority (NYCHA) anticipated receiving \$764.4 million in federal subsidies through the Public Housing Operating Fund Program to be used towards its operating budget for Calendar Year 2005, based on the current federal allocation formula; and

Whereas, The Bush Administration has proposed a revised allocation formula for the Public Housing Operating Fund Program, that according to an article first published in the The New York Times on April 8, 2005, would slash NYCHA's annual federal operating budget by "up to \$166 million," and the General Manager of NYCHA, Douglas Apple, is quoted in the article, that the federal cuts "...would likely have a significant impact on our personnel, and that obviously has a long-term deleterious effect," and that "less maintenance workers to fix the leaks is less maintenance workers, and more leaks;" and

Whereas, NYCHA had a \$300 million operating deficit in 2004, due in part to flat-funding by the federal government, and NYCHA addressed that deficit by implementing a savings initiative which included reducing staff by approximately 1000 positions over two years; and

Whereas, NYCHA cannot afford another budget cut of this magnitude, considering the age of its housing stock and the money required for workers to fix such housing stock; and

Whereas, According to HUD, one of the main objectives of the proposed funding formula is to,

“redirect the focus of the public housing program from an ‘agency-centric’ to a ‘property-based’ [or asset] management model;” and

Whereas, The Quality Housing and Work Responsibility Act of 1998, as amended, requires the issuance of a new formula for the allocation of operating assistance to the Nation’s public housing authorities, and requires that any change in assistance to the Public Housing Operating Fund to be established through negotiated rulemaking; and

Whereas, HUD’s Assistant Secretary for Public and Indian Housing convened a Negotiated Rulemaking Committee in 2004 and entered into negotiations with representatives of public housing residents and public housing authorities from across the Nation, including NYCHA; and

Whereas, It appears that HUD has not fully adhered to this Congressional negotiated rulemaking mandate, as evidenced in the preamble to the proposed Federal Rule 4874-P-01, where it states that, “these regulatory changes reflect the recommendations made by the negotiated rulemaking committee, *with some modifications...*(emphasis added);” and

Whereas, Some of the modifications are major and have massive monetary ramifications for many housing authorities, such as NYCHA; and

Whereas, One of those modifications, according to the Council of Large Public Housing Authorities and the National Low Income Housing Coalition, is the elimination of a “stop-loss” provision which was agreed upon during negotiated rulemaking, whereby housing authorities that would have a reduction in funding to their annual operating subsidy under the new formula, would have the reduction capped at 5%, plus an accumulated annual reduction of one-fifth of the balance of the difference for a five-year period if such housing authority converted to an asset based management system before the actual rule was implemented; and

Whereas, According to NYCHA, it anticipated an annual loss of federal operating assistance of approximately \$35 million under the allocation formula established in the negotiated rule while under the proposed rule their conservative estimated annual loss would be approximately \$120 million below its current

level of federal operating assistance; and

Whereas, According to HUD's "Regulatory Impact Analysis" (RIA) of the proposed rule, under the negotiated rulemaking there would be an actual nationwide increase of \$435,016,668 to the Public Housing Operating Fund, while under the proposed rule the increase would be only \$74,000,000; and

Whereas, According to the Council of Large Public Housing Authorities, HUD's conclusion that the proposed rule will result in a \$74,000,000 increase to the entire federal Public Housing Operating Fund is flawed because it is based on a 100% occupancy rate and 100% funding by Congress, which has never been the case, and thus, the actual increase is estimated to be tens of millions of dollars less; and

Whereas, Despite any possible nationwide increase to the federal Public Housing Operating Fund, the proposed rule would be damaging to NYCHA because of the way the formula redistributes funds among different states and housing authorities; and

Whereas, New York State overall would receive the deepest federal cuts under the Bush Administration's proposed federal formula, according to The New York Times article, mainly because of the age of the developments, and because civil service and union costs are not taken into account in the proposed formula; and

Whereas, According to HUD's RIA, four of the top fourteen housing authorities with the greatest decrease in funding to their operating budgets are located in New York State, which, according to the Council of Large Public Housing Authorities, stands to lose over \$185,000,000 annually; and

Whereas, According to HUD's RIA, three of the top fourteen housing authorities with the greatest increases to their operating budgets are located in President George W. Bush's home state of Texas; and

Whereas, National organizations, including the Council of Large Public Housing Authorities, the Public Housing Authorities Directors Association, the National Association of Housing and Redevelopment Officials and the National Low Income Housing Coalition, all oppose President Bush's proposed rule; and

Whereas, In an editorial responding to the proposed formula, published on April 9, 2005, The New York

Times opined that, “The Bush Administration pays lip service to the ‘goal of ending chronic homelessness’ - while undermining the very programs that keep poor people from ending up in the streets;” now, therefore, be it

Resolved, That the Council of the City of New York calls upon President George W. Bush and the federal Department of Housing and Urban Development (HUD) not to revise the operating subsidy formula for funding public housing that will cost New York City up to \$166 million annually, and calls upon Congress to reject this change if imposed by HUD.

LS 2758
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6/6/05