

City officials brace for potential cuts to public housing under Trump

By Sally Goldenberg and Brendan Cheney, 12/19/16 05:26 AM EST

Far from the chaos outside Trump Tower, unrelated to the concerns many New Yorkers have over the incoming president's stance on immigrants and Muslims, the New York City Housing Authority is bracing itself for the possibility of crippling budget cuts when Donald Trump moves into the White House next month.

While Ben Carson, Trump's pick to head the Department of Housing and Urban Development (HUD), has not laid out a detailed plan for funding urban housing authorities like NYCHA, city officials appear all but certain that the cash-strapped agency will take a hit. NYCHA is among the city agencies that relies most heavily on federal funding.

Trump plans to increase infrastructure and military spending, while cutting corporate taxes and — so far — resisting entitlement reform. Given those goals, it seems highly likely that the new administration will make discretionary spending cuts. Public housing would seem to be a likely target, elected officials and housing experts said in a series of recent interviews.

"What I'm concerned about is federal aid for affordable housing. For example, the Section 8 program that so many New Yorkers depend on," Mayor Bill de Blasio said on WNYC's Brian Lehrer show earlier this month. "Those areas are really in doubt at this moment, especially with a Republican Congress that has been very negative toward a lot of cities."

Chris Estes, president and CEO of the National Housing Conference, said that "when people are talking about cutting taxes and increasing defense spending" it leads to "cuts in entitlements and non-defense discretionary" spending.

Housing advocates have been preparing for potential spending cuts to an agency that houses more than 400,000 residents throughout 328 developments and provides rental assistance for another 235,000 New Yorkers through Section 8. The day after Election Day, the chair of NYCHA, Shola Olatoye, and her staff began conducting a fiscal analysis of the agency, Olatoye said in an interview.

Olatoye said she has been in regular contact with the federal housing agency and traveled to Washington, D.C. last week to make her case. She met with policy staff and Republican leaders and has invited Carson to tour public housing developments in New York City, although she said she has not spoken to him since his nomination.

"The themes that we are hearing are not surprising: Private-sector discipline, deregulation, local control. ... What that means, we'll have to wait and see," she said.

A spokeswoman for Trump did not reply to requests for comment.

The federal government provides NYCHA with money for operating and capital expenses, as well as Section 8 vouchers to subsidize low-income residents living in private apartments.

Public housing has long been vulnerable to partisan politics in Washington. During the Reagan administration, amid broader housing budget cuts, NYCHA's funding was reduced, but it picked up in the 1990s, according to information provided by agency staff.

But federal money has been declining since 2001. The agency has not received \$1.3 billion in funding it qualified for over the past 15 years, according to an internal chart shared with POLITICO New York.

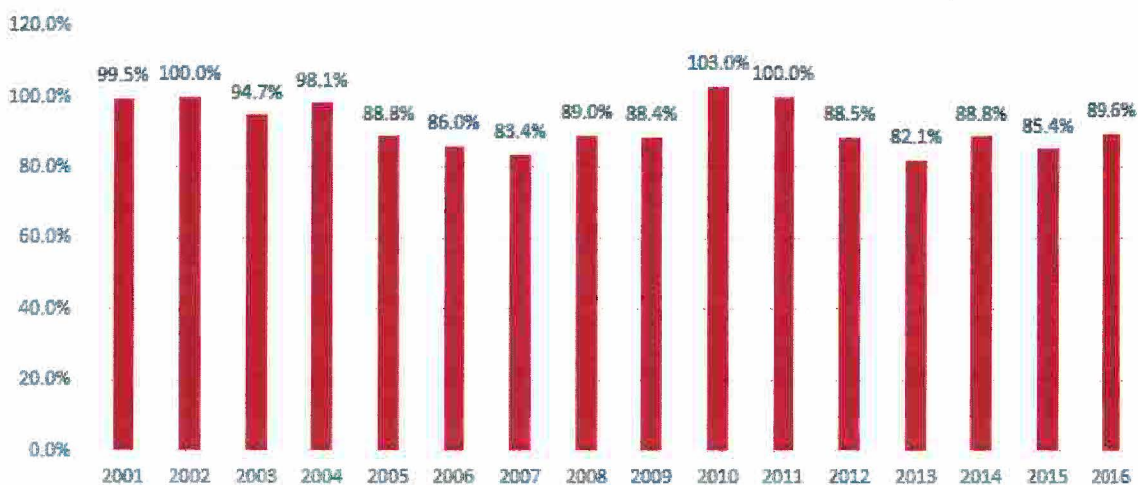
In the 2016 fiscal year, NYCHA received \$906 million from the feds, even though it was eligible for more than \$1 billion. Put another way, the agency only received 89 percent of its eligible funding.

The year before was even more stark: The federal government provided the authority with \$937 million, which fell \$161 million short of what it qualified for, according to the chart.

Only three times since 2001 has NYCHA received all the money for which it was eligible: 2002, 2010 and 2011.

NYCHA funding share

Federal operating funding the New York City Housing Authority received each year as a percent of the funding it was eligible for under the federal funding formula. NYCHA is short \$1.3 billion cumulatively since 2001.



Source: New York City Housing Authority

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To make up for the loss, the de Blasio administration has stopped charging NYCHA for police resources and increased its funding to the authority's capital budget, from \$91 million in the 2015 fiscal year to \$243 million the next year, according to another chart provided by the agency.

But it is hardly enough to plug a \$17 billion deficit in the authority's capital budget. An effort to raise private funds has so far yielded only \$900,000 — far short of a goal of \$200 million over three years.

The agency has turned to a plan that would allow the private development of mixed-income apartments on its land to raise anywhere from \$300 million to \$600 million. The initiative has been met with resistance among many tenants and elected officials but the de Blasio administration believes it is essential to relieving NYCHA's budget woes. Meanwhile, 269,740 families are on NYCHA's waiting list and 31,449 of them listed themselves as currently living in homeless shelters, an agency spokesman said. (He cautioned that self-reported reasons for applying for public housing are not validated until the applicant is interviewed.)

Further cuts could require NYCHA to lay off staff and slow down repairs, all while the de Blasio administration struggles to come up with permanent shelter for a homeless population that has grown during his three years in office.

NYCHA estimates that every percentage point decrease in its eligible funding translates into a loss of \$9 million and could mean laying off 50 people.

Olatoye declined to answer questions about specific measures she would take to counteract cuts.

"Everything is on the table. And I'm not in the business of fear mongering but I do think it is important [to] understand that this is real life," she said. "When we start to erode the operations of an organization, which is what we've seen over the past 30 years ... the conditions get worse. We still have people living in these buildings."

HUD also provides NYCHA and the city's Department of Housing Preservation and Development with more than \$1.4 billion in separate funds for their Section 8 voucher programs, which cover a portion of a rent in private apartments for low-income tenants.

"The conventional wisdom in Washington seems to be that public housing is a failure. It's a discredited model, and there's no real constituency for it in Washington," City Councilman Ritchie Torres, who chairs the Council's public housing committee, said in a recent interview.

He predicted NYCHA's decline would "only accelerate under a Donald Trump presidency," which could have dire effects on the city's shortage of low-income apartments and homeless shelter space.

"You can only starve an institution so long before it collapses," he said. "If we hemorrhage units in public housing, then homelessness could skyrocket. Most of the people who live in public housing would likely be homeless without it."