



ISSUES FACING NEW YORK CITY'S AGENCIES: NEW YORK CITY HOUSING AUTHORITY

Overview

The New York City Housing Authority (NYCHA), the nation's largest public housing authority, is also the City's largest landlord (maintaining 7.7 percent of all rental apartments) and its greatest source of affordable housing. With as many as 600,000 people residing in its units, NYCHA enables its families, whose annual salaries average less than \$25,000 a year, to pay an average monthly rent of about \$500. The Authority also administers the federal Section 8 voucher program that allows an additional 200,000 people to live affordably in privately owned housing. NYCHA's proposed 2022 budget (which operates on a calendar year) is expected to total \$4.2 billion in 2022, with City funds comprising 7 percent, federal subsidies accounting for 59 percent and tenant rental revenue making up 21 percent.

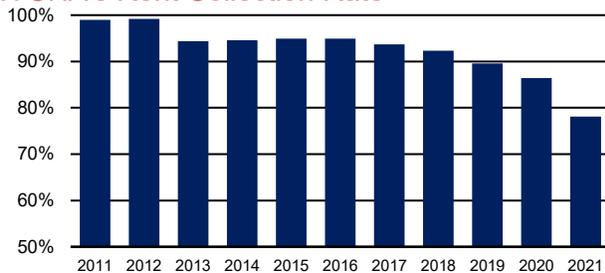
Pandemic Impact on Agency Operations

NYCHA, like many landlords nationally, faced a significant decline in rent collections due to severe economic disruption and employment losses experienced as a result of the pandemic. The Authority has also seen increased delays in resolution times for non-emergency service requests, resulting from changes to work order guidelines on in-unit repairs during the pandemic.

ISSUES FACING THE AGENCY

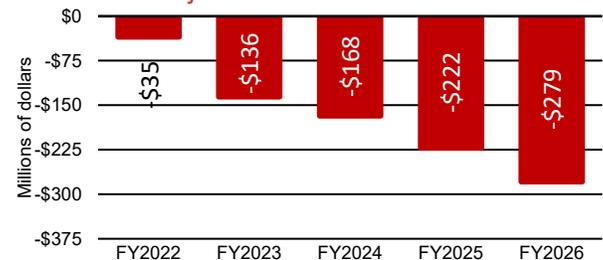
- Declining Rent Collections:** Tenant rental revenue, which typically makes up about a third of NYCHA's operating budget, has been on the decline since 2016 (see Figure 1). In 2021, it was budgeted at \$1 billion but NYCHA estimates it will collect \$100 million less. It is expected to drop further by almost 17 percent (\$149 million) between 2022 and 2026 as expenditures remain virtually flat (decreasing by less than one percent). NYCHA has not yet received funds from the Emergency Rental Assistance Program as a landlord.
- Growing Deficits:** In the coming years, NYCHA faces significant operating deficits that are expected to grow from \$35 million in 2022 to as high as \$279 million in 2026 (see Figure 2). Its projected deficits for 2023 through 2026 average \$201 million annually. NYCHA plans to withdraw \$100 million from its operating reserves in 2022.
- Capital Needs:** NYCHA's aging facilities require \$40 billion in physical repairs and upgrades to bring them into a state of good repair. Costs have grown due to rising construction prices and the ongoing physical deterioration of the properties. The 2017 physical needs assessment estimated that the Authority's capital needs had increased by 87 percent (or \$14.8 billion) from the previous assessment completed in 2011.
- HUD Agreement and Federal Monitor:** In 2019, the City signed an agreement with the U.S. Department of Housing and Urban Development (HUD) certifying that it would pay NYCHA \$1 billion in operating assistance through FY 2027 as well as \$4.2 billion in capital funding through FY 2028, while also covering the costs of the federal monitor tasked with overseeing the Authority's physical rehabilitation and operational reforms.

FIGURE 1
NYCHA's Rent Collection Rate



Sources: New York City Housing Authority; OSC analysis

FIGURE 2
NYCHA's Projected Deficits



Sources: New York City Housing Authority; OSC analysis