



240 West 35th Street
Suite 302
New York, NY 10001

515 Broadway
Fourth Floor
Albany, NY 12207

212-279-2605
518-429-2959
@cbcny

Chair
Marissa Shorenstein

April 14, 2023

Vice Chairs
Jacob Elghanayan
William Floyd
Carol Rosenthal

The Honorable Kathy Hochul
Governor of the State of New York
New York State Capitol Building
Albany, NY 12224

Treasurer
Alair Townsend

The Honorable Andrea Stewart-Cousins
President Pro Tempore and Majority Leader
New York State Senate
Legislative Office Building
188 State Street, Room 907
Albany, NY 12247

General Counsel
Edward Wallace

Secretary
Kent Hiteshew

Executive Committee

Elaine Brennan
Paula Dagen
Robert Hogle
Caswell Holloway IV
Shari Hyman
David Javdan
Anthony Mannarino
Richard Roberts
Jamie Rubin
Merryl Tisch

The Honorable Carl Heastie
Speaker
New York State Assembly
Legislative Office Building
188 State Street, Room 932
Albany, NY 12248

Honorary Chairs
Lawrence Buttenwieser
Kenneth Gibbs
Walter Harris
H. Dale Hemmerdinger
Lawrence Huntington
Eugene Keilin
Richard Levine
James Lipscomb
Richard Ravitch
Edward Skyler

President
Andrew S. Rein

Dear Governor Hochul, Majority Leader Stewart-Cousins, and Speaker Heastie:

Over the past eight years, the Citizens Budget Commission (CBC) has conducted extensive research and made recommendations to improve the finances, operations, and capital infrastructure of the New York City Housing Authority (NYCHA). NYCHA's health is critically important to the well-being of its residents and to the fiscal health of the State and New York City.

During the pandemic, NYCHA's rent collection rate declined from its previous norm of roughly 90 percent to below 65 percent, resulting in arrears that now exceed \$450 million. While reasonable for the State to consider providing NYCHA one-time aid to address this, which would provide important resources for NYCHA in the near term and reduce residents' accumulated arrears, this should not set the stage for a recurring State obligation or a new rent payment standard. Any such one-time aid should be conditioned on NYCHA devising and implementing a plan—with policymaker support for necessary steps—to return its rent collection rate to pre-pandemic levels. Also, given the State's massive [\\$15 billion to \\$20 billion structural deficit](#), any aid provided should be offset by savings found elsewhere so it does not exacerbate the State's long-run fiscal instability.

NYCHA's operating budget is [stressed beyond sustainability](#). Partly due to its plummeting rent collection rate, NYCHA's operating revenues have failed to keep pace with its already high operating costs, which now are increasing more due to deferred maintenance. Inadequate rent collections expand NYCHA's structural deficit. Failure to address this now will leave NYCHA increasingly reliant on the City to balance its budget, deplete its dwindling reserves, fuel calls for future repeated bailouts the State cannot afford, and possibly threaten to make non-payment of rent an acceptable standard.

A one-time infusion will help now, but not solve the problem. NYCHA should actively take steps, with policymaker support, to improve its rent collection. Being lower priority for ERAP—the Emergency Rental Assistance Program—hampered NYCHA's rent collection, but it is not the problem's sole cause. Speeding up NYCHA's rent recertification process during the pandemic to alleviate hardship did not stabilize the collection rate as it should have. Between March 2020 and February 2022, 59,811 households, or more than 35 percent of occupied units, requested rent decreases. Yet, the rent collection rate has continued to fall and the number of households in arrears has continued to increase.

NYCHA's future also depends on improving its operations and significant capital investment. NYCHA should fix its deteriorating buildings through the Rental Assistance Demonstration (RAD) and the Preservation Trust, improve property management, and increase productivity through collective bargaining changes in its labor agreements.

While approving the Trust was important, the State also could help NYCHA reduce costs by reforming the Scaffold Law, and it should increase the Trust's unit cap when needed. The federal government also can support NYCHA by increasing funding for Tenant Protection Vouchers and providing procurement flexibility.

Absent improvements, NYCHA's operating budget will continue to face deficits, calls for State bailouts will recur, and NYCHA will not be able to provide adequate living conditions for its residents.

Thank you for your consideration. As always, we welcome the opportunity to discuss this issue further.

Sincerely,



Andrew S. Rein
President
Citizens Budget Commission

cc:

Robert Megna, Director of the New York State Division of the Budget
Liz Krueger, Chair of the Senate Finance Committee
Helene Weinstein, Chair of the Assembly Ways and Means Committee