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## NYCHA Deal Begins To Unravel

Apparently New York City Mayor Bill de Blasio's (D) gushy accolades about HUD Secretary Ben Carson failed to win over Carson's complete confidence in a solution to rescue the beleaguered New York City Housing Authority.

Less than 72 hours after de Blasio signed an 11th-hour agreement with Carson to avert a HUD takeover of the NYCHA and sidetrack the heavy gavel of a federal judge overseeing the affair, the pact began to crumble.

The agreement requires a federal monitor to oversee the massive NYC public housing system and a commitment of \$2.2 billion by the city over the next 10 years to repair the system.

While the pact averted a HUD takeover of the 326 projects housing more than 400,000 tenants, it failed to identify where the money will come from.

HUD, still reeling over a 35-day shutdown, a dearth of leadership in key housing positions, and complicated by public housing authority and Section 8 landlord corruption and mismanagement and its inability to properly oversee its vast housing responsibilities, is in no position to assume management of the nation's largest PHA.

It's likely now up to U.S. District Court Judge William Pauley to decide what will happen. Pauley is presiding over a lawsuit about the squalid conditions at the NYCHA, and he flatly rejected a similar rescue plan last November, calling it woefully inadequate.

The original settlement between HUD and NYCHA averted a trial with both agreeing to appoint a monitor to oversee the public housing authority and immediately spend \$1.2 billion to repair 176,000 apartments. Pauley rejected it outright and ordered the NYCHA and the region's U.S. attorney to submit a new plan by Dec. 14, later extended to Jan. 31.

Carson and de Blasio sidestepped the court entirely this time to craft a new deal. Pauley's ruling pulled the plug on an overall \$2 billion plan to save the NYCHA with Pauley warning that "half-measures" were insufficient. But the new plan is remarkably similar to the original plan, only wordier and with spending now pegged at \$2.2 billion.

While the latest plan will not be tested in court because it is an administrative agreement and

doesn't require court approval, Pauley likely will have a final say on a harsher plan to renovate a public housing operation needing an infusion of an estimated \$32 billion just to bring its operations up to par, notwithstanding the NYCHA's regular source of subsidies from HUD for capital improvements and operations.

Federal prosecutors said they would drop their charges against the NYCHA over gross mismanagement. But the unraveling of the new pact over funding likely will stall such a move.

The agreement calls for dependence on HUD's Rental Assistance Demonstration program to rescue the NYCHA. But RAD is a long-term proposition calling for the sale of public housing to private developers and property managers who would depend entirely on Section 8 subsidies to manage operations with PHAs and HUD overseeing the system.

But RAD is still in its fledgling state and it has never been officially authorized through the normal legislative process. It sidestepped that process in 2012 as hurriedly devised replacement for the Obama administration's Transforming Rental Assistance initiative, a plan rejected by key lawmakers as too radical at the time.

Since then, Congress has been authorizing a piecemeal sale of housing units with the cap now 455,000 units of the 1 million-unit public housing portfolio. All of the units have been committed for sale and about 100,000 have been converted to public-private management.

The NYCHA plan largely depends on RAD to salvage its housing, but a steady source of funding to maintain the RAD conversion pace is in question. How a federal agency demanding massive cuts in its annual budget can maintain RAD, let alone its regular public housing and Section 8 subsidies, is a central question posed since the pact's signing.

Carson on Feb 3 said the deal largely depends on RAD, and HUD must now plead with Congress to lift the current 455,000-unit conversion cap to accommodate the agreement's call for immediate conversion of 62,000 units to public-private ownership.

With Congress and the Trump administration in political gridlock, the likelihood of a quick decision favorable to the NYCHA is remote. And with de Blasio's inability to provide more city money and his squabbles with New York Gov. Andrew Cuomo (D) likely putting any state aid in jeopardy, the probability of a federal court resolution moves to the forefront.

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