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COMPTROLLER STRINGER AUDIT REVEALS THAT NYCHA SQUANDERED OPPORTUNITIES FOR AT LEAST \$692 MILLION IN REVENUE AND SAVINGS

Funds available for lighting, boilers & hot water heaters never saw the light of day

New York, NY – The New York City Housing Authority (NYCHA) missed out on at least \$692 million in revenue and cost savings opportunities and repeatedly failed to meet revenue and savings projections, according to an [audit of NYCHA's finances and financial practices](#) released today by New York City Comptroller Scott M. Stringer.

“This audit reveals unconscionable mismanagement and neglect by NYCHA,” Comptroller Stringer said. “The nearly \$700 million that was left on the table could and should have been used to maintain, repair and rebuild New York’s deteriorating public housing stock. The culture of incompetence at NYCHA is an insult to residents and all New Yorkers at a time when the Authority needs all the funds it can get to help fill its crippling funding gaps.”

Since 1934, NYCHA has provided housing to low and moderate income New York City residents. Currently, more than 400,000 New Yorkers reside in the 334 public housing developments and 235,000 residents receive Section 8 Housing Choice Voucher Program rental assistance. In 2013, NYCHA reported total revenues of \$3.1 billion, consisting primarily of federal Section 8 subsidies, tenant revenue and federal public housing operating subsidy, along with \$419 million in federal public housing capital funds.

Since at least 2002, NYCHA has been unable to cover its operating or capital needs. In its Operating and Capital Plans Calendar Years 2014-2018, the Authority reported that it has immediate unmet capital needs for more than \$6 billion and would need approximately \$18 billion to bring all of its developments into good repair. This audit, the first of several to be released in the coming months by Comptroller Stringer, examined NYCHA's efforts to maximize savings and revenue in light of decreasing city, state and federal funding.

The Authority did not attain nearly \$700 million in revenue and savings because:

- **NYCHA failed to meet HUD guidelines to secure energy incentives for upgrades to common area lighting and energy-efficient boilers**—NYCHA did not meet Housing and Urban Development (HUD) guidelines to secure Energy Performance Contracting incentives totaling \$353 million. Those incentives would have allowed the Authority to reduce energy consumption and repay the cost of installing energy-saving measures. The unsecured money would have funded energy efficient upgrades to lighting for stairwells, hallways and apartments, boilers and hot water heaters;
- **NYCHA failed to convert public housing into Section 8 housing**—\$263.1 million in federal support was lost because NYCHA failed to meet its commitment to convert 8,400 units of public housing to Section 8;

- **NYCHA failed to meet HUD subsidy provisions meant to encourage efficiencies**—\$75.9 million in operating subsidy funds were left on the table because NYCHA did not meet HUD’s specifications to improve property management; and
- **NYCHA spent millions on a consultant, but didn’t track its recommendations**—NYCHA spent \$10 million on a Boston Consulting Group study that found \$106 million in cost savings and revenue streams could be attained by 2014, but never followed up to see if the report’s recommendations had been implemented and funds realized.

“More than 630,000 New Yorkers rely on NYCHA for housing and if anything has been a constant, it’s been mismanagement and missed opportunities. NYCHA paid millions of dollars to a consultant to find cost savings and revenue streams, and then failed to see if those recommendations yielded savings. The Authority could have received money to install more efficient light fixtures in its common spaces, but failed to do so. The list of squandered opportunities could go on and on,” Stringer said.

Comptroller Stringer recommended that NYCHA should:

- Improve planning and follow-through on revenue and cost-saving initiatives;
- Increase transparency of budget estimates and support those forecasts with substantiated data;
- Consult with HUD prior to submitting applications for federal funding, respond to HUD feedback, ensure compliance with HUD rules, and seek HUD assistance with implementation of its Voluntary Conversion Plan;
- Reassess and document the extent to which all Boston Consulting Group report recommendations were implemented and ensure that project management and staffing are adequate to ensure implementation of cost savings and revenue enhancements; and
- Generate status reports that include but are not limited to implementation status, issues, costs, and anticipated and actual cost savings and revenues.

“It is clear that helping NYCHA will require all hands on deck. I would like to thank Manhattan District Attorney Cyrus Vance for stepping up to the plate and distributing over \$100 million for critical infrastructure and security upgrades,” Stringer said. “With so many NYCHA-owned buildings literally crumbling, in desperate need of repairs and upgrades, the agency must get its house in order once and for all, manage its finances more efficiently and collect the public funding that’s needed to give New Yorker’s the quality public housing they deserve.”

Comptroller Stringer will release several audits of NYCHA in the coming months. NYCHA did not agree with the audit’s findings, but auditors found its objections to be unfounded.

To read the full audit, please [click here](#).