



REPORT AT A GLANCE

Review of the New York City Housing Authority's Rent Increases for Red Hook Tenants

What questions did the audit look at?

- ▶ Did New York City Housing Authority (NYCHA) accurately calculate rent increases for tenants in the Red Hook East and Red Hook West public housing developments?
- ▶ What is NYCHA's annual recertification process for setting tenants' rents.

What changes did the agency commit to make following the audit?

- ▶ NYCHA will review miscalculated rents in the Red Hook developments and act accordingly.
- ▶ NYCHA will provide regular training to its staff to ensure that they are correctly following agency policy when recertifying tenants.
- ▶ NYCHA will test rent calculations across the system after every recertification and review its data management platform.

Why does it matter for New Yorkers?

NYCHA is the biggest landlord in New York City, managing the apartments of almost 340,000 public housing residents—a population greater than that of the entire city of Anaheim, CA. Each year, NYCHA calculates the rent for each household in this “city within a city.”

Following a tenant complaint, we examined rent increases at the Red Hook East and Red Hook West developments. Between October 2021 and October 2022, 853 households in these buildings saw rent hikes. Our review found that NYCHA miscalculated 1 in 5. Most of these miscalculations were, in fact, understated; but others were overstated by as much as 57%.

According to NYCHA, the average gross income of its tenants is about \$24,500, with 42% of families living on fixed incomes. For many of these residents, any inflated cost—no matter how minor—could be devastating to their household finances. NYCHA must balance its fiscal responsibilities with its commitment to housing affordability for the hundreds of thousands of tenants it serves.

AUDIT FINDINGS



NYCHA miscalculated 1 in 5 (19%) rent increases in the Red Hook East and Red Hook West public housing developments in 2022.



NYCHA's data management platform generated incorrect public assistance amounts on public notices.



Audit Recommendations	Agency Response
1 Review the rent calculation for the apartments that were either overstated or understated and determine if corrective action should be taken.	AGREED
2 Provide periodic training to its staff to ensure adherence to the Management Manual, so that staff are able to (1) accurately verify and input household incomes and deductions for Siebel [NYCHA's data management platform] to calculate the monthly rent amount; and (2) generate the EIV [Enterprise Income Verification] report and confirm the tenants' incomes through independent sources.	AGREED
3 Test rent calculations across the system after every recertification.	AGREED
4 Conduct a system review of Siebel to ensure that it properly generates the correct amount on Rent Notices for Public Assistance Income for each qualified household member.	AGREED



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