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NY REGION

Audit Finds New York City Housing Authority Missed Millions in Funds

Comptroller Finds NYCHA Missed Out on Nearly \$700 Million of Revenue and Savings



Comptroller Scott Stringer, center, blames the New York City Housing Authority for losing out on funding. *CRAIG WARGA FOR THE WALL STREET JOURNAL*

By **LAURA KUSISTO**

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The New York City Housing Authority missed out on hundreds of millions of dollars in federal funds due to mismanagement, an audit by the city comptroller's office said.

The housing authority could have gained nearly \$700 million of revenue and savings if it had complied with federal regulations and moved promptly on plans to generate new revenue, according to the report released on Wednesday.

"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," Comptroller Scott Stringer said.

NYCHA officials said the audit looks at mistakes made years ago under a prior administration and in some cases includes potential lost revenue for two decades into the future.

"The comptroller's audit covering material as far back as 2006 makes exaggerated financial claims projected out over future decades with little connection to NYCHA today under new leadership," a housing authority spokeswoman said.

In one instance, the report said NYCHA failed to win final approval from a U.S. Department of Housing and Urban Development energy-savings program that would have generated an additional \$353 million over 20 years. The money could have been put toward hot-water heaters and improved lighting in housing developments, among other things, the audit said.

NYCHA said the figure is based on its own initial projections about how much could be saved through the program. But when HUD didn't grant certain rule waivers and flexibility, the authority pursued a smaller program that didn't require those exemptions and resulted in less savings, it said.

In another case, the comptroller said a plan to convert 8,400 of its units to Section 8 housing has languished because NYCHA didn't market the voluntary conversion program to residents. The failure to complete the conversions on the

anticipated timeline led to the lost opportunity of more than \$263 million of federal funding between June 2011 and the end of October, the audit said. Section 8 allows the payment of federal rental assistance to landlords.

The pitch for tenants to switch from public housing to Section 8 was that they would likely see a small rent increase and might have to move to smaller units in New York but could move anywhere in the country.

As of October, just over 5,000 units still hadn't been converted. The comptroller's office said that by the time those units are converted, NYCHA will have lost an addition \$713.4 million.

NYCHA responded that predictions 20 years into the future aren't meaningful.

Public-housing advocates said they are concerned the report will perpetuate a perception that NYCHA is inept and give U.S., state and city government officials an excuse not to give more funds to the authority.

"It just furthers a kind of growing negative image of NYCHA as being a mismanaged, sub-competent bureaucracy," said Victor Bach, a senior housing policy analyst for the Community Service Society, a nonprofit that advocates for low-income New Yorkers.

"I think that's the wrong picture and the real picture is the effect of a decade of government disinvestment in NYCHA," he said.

Mr. Stringer said the problem wasn't just that government was withholding funds, but that the housing authority wasn't doing its part to secure them.

"We cannot close our eyes to the fact that NYCHA has failed to obtain hundreds of millions in available federal funding. Leaving money on the table does not serve the best interests of tenants or the city," he said.

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