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City Criticized for Fees Paid by Its Agency for Housing

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The biggest landlord in [New York City](#) gets one of the biggest bills in New York City.

Every year, the city charges it about \$200 million, for everything from water to trash pickup to police services. The bill for police protection is twofold: The landlord pays \$18 million for basic police, fire and other municipal services, and an additional \$65 million for specialized policing.

The landlord is not a wealthy private developer, but the New York City Housing Authority, the struggling agency that manages 343 public housing complexes that are home to 406,000 low-income and moderate-income residents.

The Housing Authority's payments to the city have become the focus of new scrutiny in recent weeks, after the agency threatened to close hundreds of community centers, senior centers and resident programs to help close a \$170 million budget gap.

Tenants, City Council members and advocates for public housing say the payments have contributed to the agency's financial problems and reflect a double standard in the way the city treats the Housing Authority compared with its treatment of private landlords and other large agencies.

"These payments at these times are causing a financial drain to the Housing Authority," said Councilwoman Rosie Mendez of Manhattan, the chairwoman of the Council's Public Housing Subcommittee.

Last year, the payments to the city rose to \$210 million from \$208 million in 2006 and \$197 million in 2005. The agency's \$170 million operating budget deficit this year, which is about 6 percent of its \$2.8 billion budget, is projected to climb to \$207 million in 2012.

The Housing Authority's payments are the result of agreements the agency made with the city, some dating back a few years and others several decades.

Among the fees paid by the Housing Authority are payments in lieu of taxes, or Pilots, which the agency pays instead of property taxes. Last year, that payment, which the agency says covers basic police, fire and other municipal services, was \$18 million. In addition, the authority pays for the [New York City Police Department's](#) Housing Bureau, which patrols public housing developments in nine districts called Police Service Areas; last year, the agency paid \$65.6 million. The authority pays the Department of Sanitation for an extra trash pickup each week at 30 developments that have no centralized garbage compound. That payment came to \$842,000 last year. It also pays the city's Department for the Aging to operate 101 senior centers in its buildings; last year that bill was \$29.4 million. The agency started making that payment in 2003, after the Department for the Aging was faced with steep budget cuts.

A spokesman for the Council of Large Public Housing Authorities, a national nonprofit group, said that for the majority of such housing authorities in the United States, Pilots are waived by local governments, and they do not pay additional money for police services.

The Housing Authority, a state-chartered public benefit corporation, is one of the few such entities in the city with Pilots and police service fees. Two other large public benefit corporations — the Health and Hospitals Corporation, which administers the city's 11 public hospitals, and the state's Roosevelt Island Operating Corporation, which manages and develops Roosevelt Island — do not make either payment.

The Housing Authority began paying the city for police protection in 1995, when the housing police merged with the Police Department. The agency agreed to pay the city to provide a level of policing “over and above baseline services,” according to a September 1994 agreement. It describes those services as including vertical sweeps of buildings, bicycle patrols, narcotics enforcement and antigraffiti, elevator vandalism and administrative services.

Another police force that merged with the Police Department in 1995, the city's Transit Police, created a Transit Bureau that patrols the subway system. Unlike the Housing Authority, however, the [Metropolitan Transportation Authority](#) does not pay the city for basic police services.

Jeremy Soffin, a spokesman for the Transportation Authority, said the city covered the cost of basic police services in the subway but billed the authority about \$3.6 million annually for additional patrols, such as those to prevent fare abuse.

Last month, residents and public housing advocates packed a Council hearing on the Housing Authority's payments. They called for the city to renegotiate its financial arrangements with the agency or to suspend some or all of the fees in light of the agency's budget troubles.

“I don't understand why the city of New York continues to take these payments from the Housing Authority knowing that they're in a budget deficit,” said Reginald H. Bowman, 55, a resident of Seth Low Houses in Brownsville, Brooklyn, and the president of the Citywide Council of Presidents, made up of tenant association district leaders.

Douglas Apple, the Housing Authority's general manager, said in an interview that the payments were not excessive and that one of the reasons the authority was often used as a national model for successful public housing was because of its relationship with city government.

“You cannot separate public housing somehow from the neighborhoods we are part of,” Mr. Apple said.

In some ways, the agreements between the Housing Authority and the city, which has been coping with its own budget cuts, have been beneficial for the agency. Its \$18 million Pilots are far lower than the city's estimate of what property taxes would be for the Housing Authority's buildings: \$130 million. And the city's actual cost of providing police service is far higher than the agency's payments. In 2003, for example, the city spent \$117 million on policing Housing Authority developments, but received \$88.1 million from the agency, according to the city's [Independent Budget Office](#).

“These payments are common practice in public housing across the country, and here in New York, they pay

for only a small part of services received," Evelyn Erskine, a spokeswoman for Mayor [Michael R. Bloomberg](#), said in a statement.

The Police Department did not respond to a reporter's inquiries last week.

The Housing Authority says its financial crisis is largely the result of inadequate federal aid and rising energy and labor expenses, though critics question whether poor management is also a factor. The authority has eliminated hundreds of jobs, raised the rents of its highest-income households, dipped into its reserves and postponed or cut dozens of capital projects to repair its aging buildings.

The agency receives the bulk of its money from subsidies from the federal [Department of Housing and Urban Development](#). The agreements are partly an outgrowth of the city government's view of the authority as a steady source of federal money it can tap into. But now, given tighter federal aid, housing advocates and several Council members say the authority's payments for basic services are outdated and forcing the agency to reduce services to residents.

"It's as if the city is still back in a time when N.Y.C.H.A. was flush with cash," said David R. Jones, the president of the Community Service Society, a nonprofit antipoverty group that has been critical of the payments.

The 1994 agreement on police services between the authority and the city, for example, was based in part on the fact that the authority received money from the federal Drug Elimination Program. But the financing for the program, which provided the authority with \$35 million annually for police services, was eliminated in 2002.

Tenants and Council members also argue that the city is charging the agency for services while failing to adequately contribute to public housing.

Of the Housing Authority's 343 developments, 21 were built by the city and the state. But the agency receives virtually no federal or state financing for those complexes, which cost the authority \$86 million to operate last year. And the city no longer regularly provides operating aid to the authority.

In 2006, the mayor and the Council provided the agency with a one-time allocation of \$120 million. Last month, the mayor and the Council included \$18 million for the agency in the city budget after Housing Authority officials announced the plan to shutter the centers and community programs. The \$18 million falls short of the \$76 million annual cost of running the centers and programs, and agency officials say they have not decided on their next step.

Since the police merger in 1995, violent crimes have fallen 44 percent at public housing developments, according to a 2004 Independent Budget Office report.

But many tenants say that violence and drug dealing remain major problems in a number of developments, and they wonder whether the authority has received its money's worth in police services.

Mr. Bowman, of the Citywide Council of Presidents, sat one day last week on a bench outside the red-brick Seth Low Houses, a short walk from the Van Dyke Houses, where two women were raped in March, and the [Langston Hughes](#) Apartments, where a bullet went through an apartment window and wounded a

9-year-old girl the same month.

"I don't see where it translates into more services," he said.

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