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May 23, 2005

Regulations Division
 Office of General Counsel
 Department of Housing and Urban Development
 451 Seventh Street, SW
 Room 10276
 Washington, DC 20410-0500

Re: Docket No. FR-4874-P-07, HUD-2005-0005
 24 CFR Part 900 Revisions to the Public Housing Operating Fund Program; Proposed Rule

On behalf of the Citizens Housing and Planning Council of New York (CHPC), I would like to offer our strong opposition to the proposed rule changing the public housing operating fund formula. The proposed rule would reduce operating assistance to the New York City Housing Authority (NYCHA) by \$120 million annually. NYCHA manages over 181,000 apartments, which house approximately 500,000 low-income residents. A funding reduction of the magnitude proposed by HUD would have calamitous consequences for low-income families who have few other affordable alternatives in New York City's high-cost housing market.

Despite the methodological problems with the Harvard School of Design's operating cost study, the public housing authorities, tenant organizations, and national housing policy organizations came together in good faith to negotiate a compromise rule with HUD and the Office of Management and Budget as per the Congressional mandate for negotiated rulemaking. Surprisingly, however, the rule proposed by HUD on April 13, 2005 is not the compromise rule drafted with the negotiated rulemaking committee. It unilaterally changes the most important provisions, which had been carefully negotiated by all parties.

Under the compromise rule drafted in summer 2004, NYCHA would have lost \$35 million in operating revenue, which in itself would pose a difficult financial challenge for the agency and its residents. The proposed rule reneges on painstakingly negotiated provisions and results in an additional loss of \$85 million in operating funds for New York City's public housing agency. To believe that a \$120 million cut will not have catastrophic consequences for the provision of safe, decent, and affordable housing in New York City is to purposely deny reality.

The last several years have already placed public housing under enormous financial strain. Just to maintain the FY02 funding level, HUD would have had to grant NYCHA \$802 million in

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operating funds for FY05 instead of the \$736 million that was allocated. Between direct cuts and adjusting for inflation, today NYCHA receives \$66 million less than it did three years ago while its fuel, insurance, and pension costs have increased by \$194 million. Overall, NYCHA's operating shortfall has increased by \$260 million in last three years.

The proposed rule would significantly worsen the housing conditions for a half million of the poorest New Yorkers. For all these reasons, CHPC urges HUD to withdraw the proposed rule and publish the negotiated rule as a final regulation.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Frank P. Braconi". The signature is written in a cursive style with a large initial "F".

Frank Braconi
Executive Director
Citizens Housing and Planning Council of New York