

Private Sector Does Better Job Managing Public Housing than New York City: Study

The study was based on resident surveys and data on repairs, energy usage and tenant turnover

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Private developers dramatically improved conditions and tenant satisfaction at six buildings formerly run by New York City's public housing authority, according to a new study of a controversial strategy to turn the city's public housing over to private management.

A study by the Citizens Housing and Planning Council set to be released Monday measured the success of private developers who took over six buildings formerly managed by the New York City Housing Authority in early 2016. The council based its conclusions on resident surveys and data on such things as repairs, energy usage and tenant turnover.

The buildings, which have some 875 units in total, overall fared much better than the study's control group of six buildings of similar size and character that were still managed by the NYCHA.

"There was an expected amount of trepidation among the tenants and the community" over the housing authority's use of the private sector said Jessica Katz, executive director of the Citizens Housing and Planning Council. "The work isn't even done yet and we're still seeing a huge sea change in how tenants feel about their building."

A spokeswoman for the NYCHA, which in 2015 asked the council to conduct the study, didn't respond to a request for comment.

New York City has been considering bringing in more private managers for its public housing stock to generate much-needed funds for repairs. The NYCHA has been grappling with deep levels of neglect that forced the city to agree to a federal monitor and commit some \$2 billion over a decade to repairs.

But the move to bring in more private investment has been controversial among tenants, however, who fear being pushed out.

A partnership of for-profit developer BFC Partners, L+M Development Partners and K&R Preservation bought a 50% stake in the six buildings in December 2014 and L+M's management arm took over managing them in January 2015. Tenants receive federal Section 8 rental subsidies to keep their rents low.

"There was a lot of pressure" because of the skepticism from tenants, advocates and elected officials, said Ron Moelis, chief executive of L+M Development Partners.

The study examined the performance the performance of the private managers in 2016. During that period, residents of the privatized buildings generated just over 2,100 worker orders compared with more than 12,000 for the control group. That likely reflected the \$80 million worth of repairs done by the private owners, including replacing bathrooms and kitchens, new heat and hot water systems, elevators, roofs and windows.

"Chasing giant volumes of work orders is a stopgap measure" for NYCHA, Ms. Katz said.

Work orders for repairs to elevators—an important issue because many public housing residents are elderly or disabled—were also much lower, with just three work orders in the privately managed buildings in the year studied, compared with 304 in the public housing control group.

Dereeze Huff, a resident association president at Campos Plaza I, one of the buildings that was taken over by the private managers, said repairs get done much quicker.

"Instead of us waiting a year [for repairs] we make the call and we get a response within 24 to 48 hours and someone from maintenance will come and do the job," Ms. Huff said.

More than 80% of tenants in the privately managed buildings rated the condition as good or excellent, compared with about 35% in the control group, according to the study.

The study looked at turnover to see if more tenants of the privatized buildings were being forced out or were choosing to leave, perhaps because they no longer liked living there.

In the privatized buildings, 6% of the tenants departed during the study period and units took 99 days to rent, compared with 2% turnover for the control group and a 44-day period to re-rent the units. The privately managed units also saw seven evictions, compared with two evictions for the control group.

Mr. Moelis said that sometimes when new management takes over they need to get rid of tenants who are disruptive to others and that may have led to the slightly higher turnover.

Ms. Huff said the only evictions she has seen were for people living in units where they weren't on the lease. "At first when it was all going down, everyone was skeptical. We were all afraid of what could happen to us, if we were displaced," she said. She said those fears have been put to rest.