

DAILY NEWS

NEW YORK'S HOMETOWN NEWSPAPER


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DAILY NEWS

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The city's Housing Authority board is sitting on a budget of nearly \$1B. Today, we reveal their shocking ineptitude and failure to do their jobs. The NEWS says:

SACK THEM ALL

DAILY NEWS INVESTIGATES

THIS NEW YORK City Housing Authority has failed to spend nearly \$1 billion in federal funding earmarked to build 15,000 new units in its 350 developments, the Daily News has learned. The money is supposed to fix leaky roofs, broken elevators and rotting walls in the authority's sprawling properties, but has instead collected dust while residents suffer in squalor.

SEE PAGES 4, 5 & EDITORIAL

INSULT

John Rhea is addressing NYCHA's challenges in smart and innovative ways ... the mayor fully supports him.



PAGES 4, 5 & 6

NEW REPORT BLASTS HOUSING AGENCY



NYCHA member Margarita Lopez isn't impressed by story or Newser Rich Schapiro. Photo by Marcus Santos

FAULT: NYCHA

● Crybaby Rhea whines, it's the system, stupid!

● De Blasio sees 'most disgraceful red tape' in city

spending \$42 million set aside by the City Council for security cameras at crime-plagued projects.

He explained that when he arrived in 2009, he decided to create a single security system, with cameras and extra door locks, called "layered access."

"I, John Rhea, the chairman, hit the pause button and said, 'We need a better plan for the deployment of the capital funding that we're receiving from City Council members for safety and security...'"

"I said, 'We do not have a well-articulated plan on how we're going to improve safety and security with respect to capital dollars.'"

He backtracked on the agency's July 13 promise that "cameras will be up and running" in 80 more developments by the end of 2013.

In the two-hour interview, he said the 80 would get unspecified "security enhancements" — not necessarily cameras.

"You created a scandal. There's no scandal here," he told The News. "We are being deliberate, thoughtful and we have a plan and we're executing that plan."

DAILY NEWS
For now, Bloomberg stands by his team.
He can do much better. He must do much better. Fast.

SEE EDITORIAL, PAGE 22

In a moment of humility, the Harvard M.B.A. did admit to failing the former residents of NYCHA's Prospect Plaza development — still an empty ghost town a decade after the agency relocated the tenants and then sat on \$17 million in federal repair funds.

"There's no doubt that the families who were moved out of Prospect Plaza with a commitment to return have suffered through something that I wouldn't want for my family or for any New York family," he said.

"For that, the Housing Authority owes those families an apology," he said, promising that a plan to demolish the towers and replace them with new housing

units would happen on time — but he declined to offer a specific opening date.

Rhea called The News stories about him, his board and their cache of cash "unfair" — and the mayor backed him up.

"John Rhea is addressing NYCHA's challenges in smart and innovative ways," Bloomberg's spokeswoman said.

"The budgeting process and spending of capital dollars is working as it should and as it is at public housing authorities across the country."

But critics were said Rhea — and Bloomberg — need to do better.

"We can't pass the buck when

we have failed management, people who just don't get it," said Tony Herbert, a community advocate who is the NAACP's liaison to NYCHA. "New York City is a special place and needs a special person, and John Rhea is just not it," he said.

Herbert said NYCHA's problems start at the very top. "At the end of the day, the folks at NYCHA are suffering. The fact of the matter is, NYCHA's management is in disarray," said Herbert.

Public Advocate Bill de Blasio also called on the city to restructure the agency.

"It should not take a year to fix a broken lock or patch a wall — especially when the money is there, waiting to be used," de Blasio said, noting that NYCHA is the No. 1 subject of complaints that flood into his office.

"The Housing Authority's repair backlog is one of the most disgraceful examples of red tape in New York City," he said. "The health and safety of thousands of tenants demands an immediate overhaul of the agency."

At the Jefferson Houses in East

Harlem, there is no shortage of complaints.

Tenants expressed their outrage over the unspent federal cash, particularly given the dilapidated condition of their homes.

"A billion dollars?" asked Charita Dawson, 24, who lives with her dad. "That's a disgrace. We're struggling to survive, and they have that much money? That's not right."

Dawson said the elevators reek of urine, the hallways lack security cameras and the residents live in fear.

"We need walls painted, pipes fixed," she said. "Everything is falling apart, and they're living in condos."

Neighbor Jacqueline Davis, 61, has spent most of her life in the Jefferson Houses — and says it's time for a shakeup of the NYCHA leadership.

"I feel strongly that change starts at the top," she said Wednesday. "This is serious stuff, and someone has to make it right. It's people's lives we're talking about."

**With Erin Durkin,
Rich Schapiro and Erik Badia
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DAILY NEWS INVESTIGATES

BY DENIS SLATTERY, TINA MOORE
and GREG B. SMITH
NEW YORK DAILY NEWS

A SCATHING REPORT obtained by the Daily News slams the city Housing Authority for sky-high salaries, undisclosed perks and unchecked expenses—but Mayor Bloomberg is defending his handpicked chairman as “smart and innovative.”

In fact, the mayor is blaming budget cuts for the New York City Housing Authority's woes, even as NYCHA Chairman John Rhea is on the hot seat for hoarding federal funds meant for desperately needed repairs and security.

“It's easy to criticize an agency that has been eviscerated by federal budget cuts, but it's hard to fix,” City Hall spokeswoman Julie Wood said Wednesday after the latest Daily News report on the unspent funds.

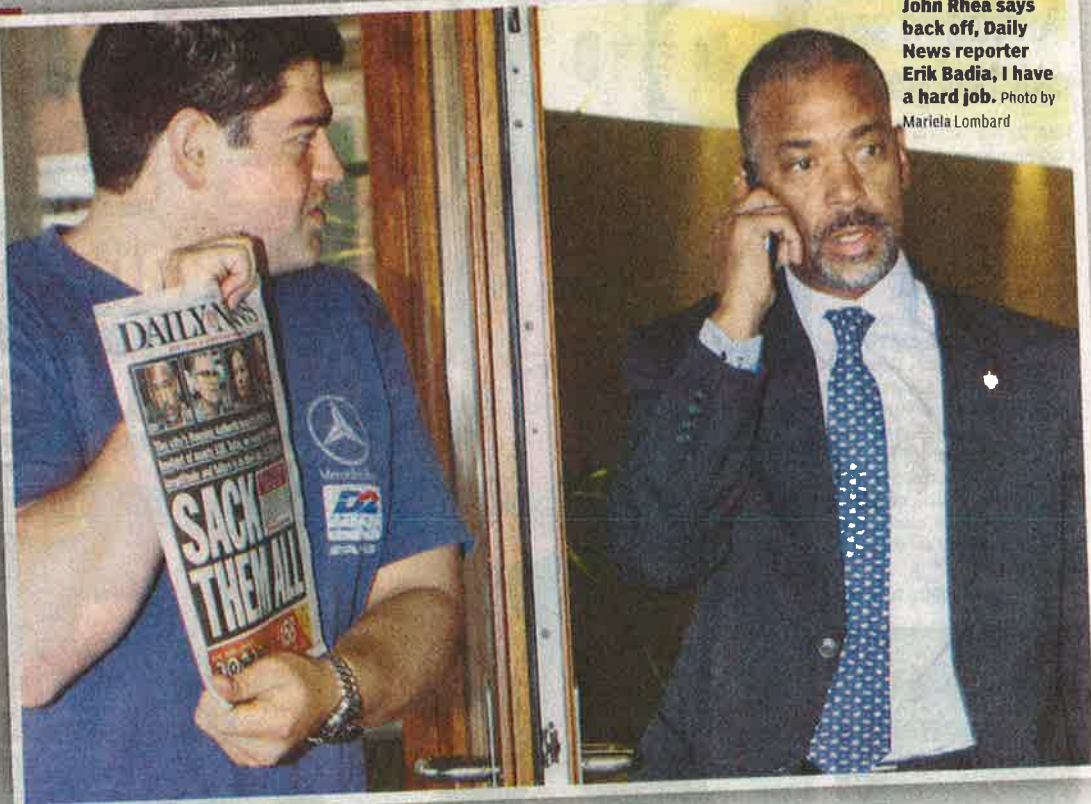
“That's what John is trying to do, and the mayor fully supports him.”

The rosy assessment of Rhea's performance is in stark contrast to a bombshell critique of the agency exclusively obtained by the Daily News.

The audit by Manhattan Borough President Scott Stringer slams NYCHA and calls for a top-down overhaul of the “archaic” agency.

The board's leadership is a “confusing relic from another time,” the report says.

“The need is clear: In order to decisively



John Rhea says back off, Daily News reporter Erik Badia, I have a hard job. Photo by Mariela Lombard

IT AIN'T OUR

- Bloomy backs ‘smart’ boss despite huge waste
- Scathing audit: Overhaul this relic from ‘the top’

achieve (its) lofty goals and sufficiently address other nagging problems, key organization reforms need to be made,” it said.

“And they must begin at the top.”

Stringer's report comes on the heels of a News investigation exposing how NYCHA is sitting on nearly \$1 billion in federal funds, half of it for at least two years, as its citywide infrastructure crumbles.

That money was intended for repairs at 334 developments housing 400,000 residents.

An additional \$42 million set aside for security cameras also sat unspent for years.

Stringer's report blames “managerial dysfunction” for the inaction—and notes how generously the agency's overseers are paid.

NYCHA is the only public housing authority in the state with full-time salaried members, the report says. Three of them make \$187,000 or more—far more than other housing authorities across the state that cap yearly pay at \$2,500.

At the same time, Stringer

could find no accounting for how much the NYCHA board spends on cars, drivers and other freebies while many of the city's low-income public housing residents live in squalor.

“Exact figures on those added costs are impossible to come by, as NYCHA does not publish a detailed expense accounting of board members' staff, salaries and other perks,” the audit found.

Senior staff vacancies have gone unfilled. The chief financial officer is a temporary employee, and there is no full-time general counsel. The position of general manager has been empty since 2010.

“The ... tenants served by

NYCHA need to know that the agency in charge of their housing is accountable and able to function at a high level of efficiency,” said Stringer, who called for an all-volunteer board with a paid chairman who doubles as a general manager.

“It's a problem when \$42 million intended for cameras and security sits untouched for years and tenants live in fear. It's a problem when top management positions remain vacant for long periods of time, and it takes years to get even simple repairs done for tenants.”

Rhea doesn't think he is the problem. After dodging questions, ignoring front-page headlines and even dismissing The News reports

as “a great piece of fiction,” the former Wall Street financial adviser finally sat down for an interview Wednesday and angrily defended his performance.

He told The News that he and his fellow board members more than earn their salaries—\$197,000 for him, \$187,000 for Margarita Lopez and Emily Yousouf and \$250 a month for tenant representative Victor Gonzalez.

“I'm not in this for the money,” he said. “When I go to bed at night, I feel incredibly proud of the job I do for New Yorkers.”

He insisted that he and the other board members are devoted to their work.

“The board members are here five days a week, sometimes six days a week,” he said—but said documentation of those hours wasn't immediately available.

That's not the only thing that wasn't available.

● How much are taxpayers spending to ferry them to and from work? Rhea confirmed all four have drivers, but said the actual cost wasn't available.

● How many drivers

are there? How many cars? How often are they used? That wasn't available either.

● As for why NYCHA been sitting on a mountain of federal cash for building repairs, Rhea blamed the time it takes to hire designers and contractors.

● Asked why NYCHA isn't ready to spend the money as soon as it gets it like others agencies, Rhea bristled.

“We have 2,600 buildings that are almost all past their useful life,” he said. “We do not have the capacity to send engineers around to every single one of our buildings and scope out and estimate the jobs in advance of receiving the money,” he said.

“If that's your expectation, then you're just as deluded as the public that you suggested thinks that we have a billion dollars and that it's going to actually fix every single problem in the portfolio.”

“Would we like to move faster? Yes,” he said, saying that's why the agency needs an additional \$500 million in bond financing for repairs.

Rhea even defended delays in



BILL DE BLASIO, MAYOR BLOOMBERG, SCOTT STRINGER

Housing Authority chief John Rhea (c.) and sidekicks Emily Youssouf (l.) and Margarita Lopez endure meeting Wednesday, where good ideas from Fulton Houses resident Carol Demech (below) were met by glazed stares.

Photo by David Handschuh/Daily News



Perfect. Three of the Gang of Four were 35 minutes late. When New York City Housing Authority board members John Rhea, Margarita Lopez and Emily Youssouf finally strolled in for a scheduled 10 a.m. meeting at 10:35 a.m. to face their employers, the taxpayers of New York sitting in 50 chairs, they did not apologize.

Or even offer an excuse.

"Oh, well, I don't know why it started late," a press spokeswoman said afterward. "The rain? Traffic, maybe. We're just, you know, late from time to time."

Indeed.

Sometimes years late in spending \$1 billion on repairs and on lifesaving security cameras for the 400,000 residents in 178,895 apartments in 2,597 buildings of the city's 334 housing projects.

A full 5% of the city's population, closing in on the size of Boston.

The bored board members fidgeted at a 12-foot table in the large wood-burnished room on the 12th floor of 250 Broadway and listened to speaker.



Denis Hamill

Not bad work at close to \$200,000 per year each — except for Victor Gonzalez, who gets a \$250 monthly stipend. But, hey, Gonzalez lives in public housing instead of the swank digs of his crew members. He wasn't at the meeting.

Carol Demech, an eight-year veteran of the Fulton Houses in Chelsea and a former Automotive High teacher, took the mic and gave the board members a New York earache about how incompetent and indifferent they were to the people they are paid to serve.

Demech has been complaining about the same broken side door to her building for eight years, explaining that the door was improperly installed. Instead of tearing the damned door out and properly installing a new, secure one out of that \$1 billion, NYCHA just keeps repairing it. And it breaks or gets vandalized again.

"The next murder or mugging in my building is on you guys," Demech

Why this sorry gang must be Rhea-jected!

said, jabbing a finger attached to the arm of the entire city.

Demech had a laundry list of problems and solutions.

"And that \$10 million consulting fee you paid to find out what's wrong with public housing is a joke," she said. "You don't need consultants. Ask the tenants!"

When Demech was finished, NYCHA Chairman Rhea — whose previous experience was as a corporate honcho at a brokerage called Lehman Brothers that fell like the House of Usher, said, "Thank you for your comments, especially the ones about public safety."

Profound.

Here, before the highest paid members of the Gang of Four, was a public housing resident and activist percolating with horse-sense solutions to problems in the projects, a perfect "consultant" on how to best spend that hoarded \$1 billion.

Free of charge.

And Chairman Rhea asked her no questions. The board members were mum.

Demech might as well have been speaking to Leona Helmsley's ghost. Because she was treated like one of the "little people."

I know the feeling.

When I was 12, my family moved from a chilly Brooklyn tenement to the Jersey St. project on Staten Island. With elevators, bedrooms with doors, a shower, heat and hot water, we thought we were living large.

Until school started. And some kids at Curtis High referred to us as "projects rejects" and "welfare artists," words that seared the flesh like a cattle brand. Truth was we were working poor. My old man was on disability after toiling in a factory with a wooden leg for 40 years. My mom commuted daily to Manhattan on a bus, ferry and subway to a clerical job at Metropolitan Life. I commuted on Fridays and Saturdays to my butcher-boy job in Park Slope.

Most people in the projects worked. As do 47.2% of NYCHA families today, with 41.4% living on Social Security, Supplemental Security Income, pensions and veterans benefits. The average annual family income is \$22,824. Just 11.4% of NYCHA families receive welfare.

But on the 12th floor of 250 Broadway on Wednesday, I kept hearing a faint

old echo of "welfare artists" in the room.

But the only ones resembling "welfare artists" were sitting in front of the room, collecting nearly \$200,000 a year in public money, 10 times the income of a working "projects rejects" family, while sitting like overfed hens on a \$1 billion nest egg. As all over town, people were being shot in project playgrounds, quadrangles, stairwells and rooftops that still lacked security cameras.

"I'd require every NYCHA tenant to have a photo ID," Demech suggested to me in the hallway later. "Then, from that \$1 billion, I'd train and hire unemployed public housing residents to install the damned cameras. Then older residents like me could monitor the cameras for like \$10 an hour and ID the muggers, drug pushers, vandals, thieves and killers. Police arrest the criminals. NYCHA evicts the bad tenants. I could clean up Fulton Houses in six months. Simple. And cheap."

Horse sense. For free. Ignored.

When the meeting ended after 25 minutes, the board members rushed wordlessly past tenacious Daily News reporters. I trailed Chairman Rhea through a side door, identifying myself, telling him that as a former public housing tenant I had some questions. He glared at me and strode into his inner sanctum.

Like I was a projects reject. Which he should be.

Seniors in lunch at lunch

IT'S NOT JUST security cameras and multimillion-dollar renovations that NYCHA is struggling with.

It's also lunches for senior citizens.

The elderly NYCHA residents who arrived for their regular meal at two NYCHA senior centers Wednesday were out of luck after a vendor worried he wouldn't get paid.

"We can't survive. This is ridiculous," said Maria Alvarado, 67, who discovered when she arrived at the Cooper Park Senior Center in Greenpoint, Brooklyn, that there was no food. "There are people here that need their lunches."

Center director Americo Santiago ended up digging into his own pocket to buy pizza for the senior citizens.

"We take care of our people here," he said.

It was the same problem at the Saratoga Square Senior Center in Bedford-Stuyvesant, where regulars



Maria Alvarado

arrived for lunch — but found empty plates instead.

"They have a budget, and they haven't paid them that budget," explained a Saratoga Square worker.

NYCHA officials said their food vendor — who they wouldn't name — refused to deliver meals out of fear that the agency had insufficient funds.

NYCHA said it planned to pay — and would make other arrangements until the billing dispute is resolved. "The vendor's decision to abruptly discontinue meal service on a day's notice will not impact meal service," said spokeswoman Sheila Stainback.

Angy Altamirano and Erin Durkin



Fulton Houses resident Carol Demech.

DAILY NEWS EDITORIAL

High-handed Mike

Yes, New York City Housing Authority Chairman John Rhea has a tough job, as Mayor Bloomberg assigned a press aide to say in response to Wednesday's Daily News front page calling on the mayor to fire Rhea and fellow board members.

And, yes, the federal government has slashed critical NYCHA funding – “eviscerated” it, the mayor’s spokesman further said – forcing Rhea to do more with less.

But all that was fully the case in 2009, when Bloomberg recognized that he had allowed the nation’s largest public housing agency to degenerate into a dysfunctional backwater and installed Rhea to engineer reforms.

At the time, City Hall said: “Mayor Bloomberg has asked Chairman Rhea to work to improve transparency and agency responsiveness at NYCHA with the goal of increasing public confidence in the agency and increasing its ability to meet residents’ needs and concerns.”

Those mandates – transparency, responsiveness, public confidence and better addressing residents’ needs – remain the standards by which to measure Rhea’s tenure, not the very limited accolade presented by the mayor’s PR person in the glare of a News investigation.

“The budgeting process and spending of capital dollars is working as it should and as it is at public housing authorities across the country,” was the best the aide could offer.

Translation: Under Rhea and board members Margarita Lopez and Emily Youssouf, NYCHA has met all budgetary rules even as the agency:

1) failed to spend almost \$1 billion in federal funding earmarked for maintenance and renovations for as long as four years, and

2) sat on \$42 million allocated by the City Council to install security cameras for as long as eight years without placing a single video device in any of NYCHA’s crime-plagued projects.

Confronted with those facts, Bloomberg retreated dismissively, condescendingly and insultingly into the thickets of bureaucracy.

The mayor has a record of standing by his people when they commit a botch, while also engineering a fix.

That happened after The News exposed the security camera boondoggle. Behind-the-scenes mayoral attention produced an action plan that NYCHA now trumpets at the top of its website.

Bloomberg must realize that the security camera fiasco points to what counts: the quality of life he is providing to 400,000 low-income New Yorkers. He should also return to the components of the mission statement he gave Rhea.

Here’s the score:

Transparency: It has been damn near impossible to get a simple list from Rhea of all the repair projects to which he has allocated money.

Responsiveness: Tarcey Romero, who lives in the Soundview Houses in the Bronx, told The News she has waited two years for NYCHA to replace a refrigerator gasket. She spoke for the legions who complain of NYCHA’s inaction.

Public confidence: Is nonexistent among residents who have long listened to gunfire and now know they didn’t get full security.

Better addressing residents’ needs: Not as long as NYCHA refuses a crash program to spend the federal moneys that Rhea does have to upgrade thousands of apartments.

For now, Bloomberg stands by his team. He can do much better. He must do much better. Fast.