



MITCHELL-LAMA RESIDENTS COALITION

Vol. 24, Issue 1
March 2018

WEBSITE: www.mitchell-lama.org

Report: As subsidies expire, thousands of NYC affordable homes may be lost

Thousands of below-market rate rentals in New York City are facing a potential loss of their affordability status as the various governmental subsidies on which they depend expire.

A new [report](#) by the Community Service Society, released in March, shows that thousands of subsidized units--Section 8, Mitchell Lama, Low Income Housing Tax Credit--may expire in light of the Trump Administration's housing budget cuts. By 2019, according to a chart prepared by [City Limits](#) based on the CSS report, nearly 500 units will face subsidy expiration. Additional expirations may occur from that point on, so that by 2025, **an estimated 14,000 units may revert to market rents.**

The problem arises because subsidies, rather than being perpetual, tend to have an expiration date to entice private developers, who are willing to participate in them so long as they have an option to exit the program at some future time.

As a result, between 1990 and 2017, according to CSS, thirty-five percent of all Mitchell Lama and HUD-assisted apartments in New York City lost their below-market status. Among Mitchell Lama rentals alone, fifty percent were lost during that time period. That includes both ML developments with additional federal subsidies (thir-

ty-four percent) and without additional subsidies (seventy-nine percent).

The data also shows that outside of Mitchell Lama, fifteen percent of apartments with project-based Section 8 subsidies were lost, in addition to the loss of a full one hundred percent of apartments having other federal subsidies.

Regarding units subsidized by the Low Income Housing Tax Credit, the report notes that "As long as unregulated rents and land values in the city continue to escalate, owners of subsidized housing will have an economic incentive to bring rents up to market rates upon deregulation. This could pose a danger to the LIHTC stock." (The LIHTC program is technically a tax incentive rather than a subsidy, but it functions much the same way.) The CSS report notes that the **"2017 tax overhaul, which dramatically lowered the corporate tax rate, undercuts LIHTC value."**

The enormity of the crisis was spelled out in the report as "Unaffordable rents continue to cause housing instability, evictions, and homelessness. In November 2017, over **63,000 people slept in New York City shelters each night.**"

(Continued on page 8)

MLRC's 2018 legislative agenda

The key points in MLRC's 2018 legislative agenda are:

- Mitchell Lama Reform Bill (A1349): Authorizes the legislature to declare a housing emergency and extend protections of rent regulations to former ML rentals or HUD-subsidized housing.
- ML transfer tax [of 75%] on sale of rental project or mutual company (Ao4441/S03184).
- ML bill on use of funds from privatization (Ao5011): Revenue from buyouts to be used for affordable housing purposes.
- NYC Mansion Tax on luxury condos and homes worth \$2 million or more.
- Law allowing former MLs to be brought back to Article 11 of the Public

(Continued on page 7)

MLRC 'Meet & Greet'

Join us and our representatives for a panel discussion on M-L co-op and rental issues.

Ask questions!

Saturday, May 5, 2018,
10 a.m. to 1 p.m.
Musicians Union, 322 West 48th Street,
NYC
**To reserve your seat, rsvp by April 20,
212-465-2619**

Strengthen MLRC
Join today (use form on page 2)

GENERAL MEMBERSHIP MEETING

Saturday, March 24, 2018 10:00 a.m. - noon

NOTE: If weather is inclement, prospective attendees should call the MLRC hotline at [212-465-2619](tel:212-465-2619) after 6 a.m., to learn if the meeting's been canceled due to the weather.

CONTACT: Information@mitchell-lama.org

PLACE: Musicians Union, Local 802, 322 W. 48th St., near 8th Ave. in the ground floor "Club Room." Subway trains: No. 1 to 50th St. & 7th Ave.; Q,W to 49th St. & Broadway; E to 50th St. & 8th Ave.

Mitchell-Lama Residents Coalition
PO Box 20414
Park West Station
New York, NY 10025

New Section 8 rule may enable tenants to move to richer neighborhoods

Residents who qualify for Section 8 rent subsidies may now have an opportunity to move to more affluent--or less poverty-ridden--neighborhoods, a result of an Obama-era (Small Area Fair Market Rent) administered by the federal department of Housing and Urban Development.

The SAFMR rule, which recently survived an effort to eliminate it by HUD's Secretary Ben Carson, will provide Section 8 recipients with a higher subsidy than they currently receive if they move to another, more affluent zip code.

Research has shown that residents of low-income areas who move to wealthier neighborhoods--zip codes--significantly improve their families' health and well-being. In particular, their children fare better in schools and, over the long run, tend to secure higher paying jobs and more solid careers.

Subsidies are given to landlords to match "fair market" rents. Previously, federal rules required local housing officials to calculate "fair market" rents based on all the rents across a very wide, metropolitan area--which entailed poor communities as

well as rich. That, of course, minimized the portrayal of rents in higher income areas, which meant that the subsidies were lower, an obvious disincentive for landlords to accept the subsidy.

But under a new rule, set to go into effect this year, local officials may set voucher payments by zip code, so that subsidies would be higher in more affluent zip codes, and lower in less affluent zip codes. This change would more closely reflect actual market conditions of the areas in which tenants seek to reside. The change, however, does not require owners to accept the new, higher subsidies rather than relying on the laissez-faire market.

The new rule had been tested on a pilot basis as far back as 2012. In 2016, HUD mandated 24 metropolitan areas to switch to the zip code option in 2018. (Other localities are allowed to use it if they choose.)

In an effort to stop the new policy, housing secretary Ben Carson last August ordered a suspension of the rule, but tenant advocates filed a lawsuit and were granted an injunction in December ordering the department to implement it.

UPCOMING EVENTS

MLRC General Membership Meeting

Saturday, March 24, 2018
10:00 a.m. - noon

Members are urged to voice concerns regarding their developments, especially long- and short-term standing issues

**Musicians Union, Local 802,
322 W. 48th St., near 8th Ave.
in the ground floor "Club Room"**

NOTE: If weather is inclement, prospective attendees should call the MLRC hotline at 212-465-2619 after 6 a.m., to learn if the meeting's been canceled due to the weather.

For more information, e-mail: info@mitchell-lama.org

Bronx tenants get new chance to improve credit rating scores

Residents of 27 Bronx buildings who need to improve or establish a good credit rating may now get it under a pilot program sponsored by City Comptroller Scott Stringer and the Banana Kelly Community Improvement Association. Under the program, tenants could improve their

credit score simply by paying their rent on time. According to Stringer, the program may enable many tenants to improve their scores by up to ten percent. The program was motivated by data showing that the city's lowest credit scores tend to be concentrated in large black or Hispanic areas.

Mitchell-Lama Residents Coalition, Inc.

Officers

Co-chairs:	Jackie Peters Ed Rosner Sonja Maxwell
------------	---

Treasurer:	Carmen Ithier
Corresponding Sec'y:	Katy Bordonaro

MLRC NEWSLETTER STAFF

Editor:	Ed Rosner
Assistant editors:	Katy Bordonaro Sonja Maxwell Jackie Peters
Editorial manager:	Nathan Weber

Circulation: 5,000

Articles, letters and photographs are welcome. Send to MLRC, PO Box 20414, Park West, New York, NY 10025. Fax: (212) 864-8165. Voice Mail: (212) 465-2619. E-mail: information@mitchell-lama.org

JOIN THE MITCHELL-LAMA RESIDENTS COALITION 2018

INDIVIDUAL: \$15 per year; DEVELOPMENT: 25 cents per apt
(\$30 Minimum; \$125 Maximum)

Name _____	
Address _____	
City _____ State _____ Zip code _____	
Evening phone _____ Day phone _____	
Fax _____ E-mail _____	
Current ML: Co-op _____ Rental _____	
Former ML: Co-op _____ Rental _____	
Development _____	
President's name _____	
Donations in addition to dues are welcome.	

Jerome Ave rezoning plan moves forward, but area residents, officials voice concerns

Three Bronx community boards and Rubén Díaz, Jr., the Bronx borough president, gave conditional approval in February to the City's plan to revitalize Jerome Avenue, a 92-block, 5.6 mile thoroughfare that runs under an elevated IRT line and interchanges with the Cross Bronx Expressway. The conditional approval means they insist that the city provide more investments, particularly in affordable housing, before they support the plan in its entirety.

The rezoning proposal has run into opposition from other groups since it was proposed in 2016. Among them is the Bronx Coalition for a Community Vision, which had lobbied for a reduction in the scale of the rezoning. As explained by the

Association for Neighborhood Housing Development, the Coalition argues that "the scale of the proposed rezoning will make it more difficult to construct and preserve truly affordable housing in the neighborhoods around Jerome Avenue."

Díaz Jr. wants the city to increase the number of affordable units from 1,500 apartments to 2,000, arguing that more than 2,000 apartments need protections. The call for more affordability was also made by Vanessa Gibson and Fernando Cabrera, who represent the zoning stretch on the City Council. Gibson said there was a need for more schools to accommodate an influx of new residents, and that the numerous auto repair shops need to be protected

from displacement.

A report on the issue by Curbed New York, a neighborhood real estate blog, said that the city will "enforce additional requirements besides the 20-30 percent permanent affordability scale under the city's Mandatory Inclusionary Housing policy. At least where it concerns developers looking for subsidies from the city in the rezoned area, the city will ask that up to 45 percent of the units be designated as permanently affordable."

The next steps in the review process will entail a hearing by the Council's Land Use Subcommittee, and finally a hearing before the full Council.

Private hotline service aids tenants and owners in correcting violations

A free service from a private company has formed to help both tenants and landlords correct building violations without having to bear the often huge expense of legal action.

Building Violations LLC has established a hotline to hear tenant complaints about violations in their apartments. Tenants may use the service--(866)545-4440--without charge.

When the company receives a message about a complaint, it notifies the landlord with a Building Violations Complaint Report, Remediation Statement, that explains the specific steps towards resolving the situation.

The landlord is thereby offered a very real opportunity to resolve or "cure" the tenant's complaint without going through the time and expense of court or municipal agencies. The owner may then hire a professional from Building Violations LLC to actually rectify the violations.

If the owner is unresponsive, the tenant can use the company's correspondence with the landlord in housing court, assuming there is no other resolution.

On its website, the company notes that its staff specializes in violations issued by the Fire Department, Housing Authority, Department of Buildings and other agencies.

Company staffers will also attend government hearings and "fight to resolve your [the owner's] building violations by identifying the underlying issues and performing necessary filings and expediting your Certificate of Correction, in a timely manner."

Information is available [online](#) at <http://www.buildingviolation.com/about/>

Inwood groups offer alternative to City's upzoning proposal

A coalition of community organizations in north Manhattan's Inwood area released in February a rezoning [plan](#) that is an alternative to the proposal promoted by the City's Economic Development Corporation.

The grass roots plan, known as Uptown United Platform, reflects the views of such groups as Northern Manhattan is Not for Sale, Inwood Small Business Coalition, Save Inwood Library, and Inwood Preservation, among others.

Release of the plan is the latest development in an ongoing tussle between the community and the City's upzoning proposal, which was originally presented by the Economic Development Corporation in 2016. Essentially, that plan would have upzoned the area to allow for construction of considerably higher buildings than current regulations allow, in exchange for commitments by developers to set aside a portion of the new construction for affordable apartments. The process is known as Inclusionary Zoning.

At its initial presentation in 2016, the EDC was virtually booed off the stage by residents. After that experience, the agency refined its plan, which was sched-

uled in February to be presented before the City Council.

The Uptown United Platform is designed largely to preserve the neighborhood's "character" more so than the City's proposal. In part, it would encourage residential development in some areas at lower densities, and would rezone some areas for industrial and mixed uses. In addition, it would mandate more "comprehensive protections for existing tenants and more affordable housing than can be guaranteed under the city's new mandatory inclusionary housing policy."

Most likely, the de Blasio administration will reject the community's demand to require developers to provide 100 percent affordable housing on any upzoned property. Such a requirement, according to the administration, would likely prove unconstitutional.

In its response to the community plan, the EDC argues that it has indeed taken local concerns into consideration, and that its plan will promote waterfront access while improving neighborhood infrastructure, increasing investments to protect the current tenants, and generally add to the area's housing supply.

Mitchell-Lama co-op basic info online

Want a comprehensive overview of the Mitchell Lama program's cooperative developments? No better place to start than CU4ML's [Cooperators United for Mitchell

Lama] "Mitchell Lama Basics: What Every Shareholder Should know." It's available [online](#) at <http://bit.ly/2ABiBx8>

Bronx neighborhood to feature illuminated exhibition of local life

The Claremont Village section of the South Bronx will feature a potpourri of images of community life in illuminated photographs and video interviews with local residents.

Combining a unique mixture of street lighting and art, the project is one of seven efforts to be funded through Create New York, a mayoral grant initiative as part of a larger City effort to promote neighborhood diversity through the arts.

As this is written, photographers are currently at work shooting images of neighborhood life, including seniors living in public housing, local health issues (such as a plethora of rats), school issues, and such personal topics as fatherhood. When completed, the photographs will be transformed into illuminations that will be projected onto empty spaces,

including public stairwells, empty lots, or perhaps street buildings.

Presenting the project will be the Bronx Documentary Center, which will work with filmmaker Ethan Vogt, who will do the illuminations.

So far, no official date for the opening has been set.

Under the mayoral program, various organizations will receive grants of \$50,000 from the Department of Cultural Affairs, plus additional funds in either cash or in-kind support from a variety of municipal agencies.

Beyond focusing a light on New York City's neighborhood diversity, one overall goal is to improve daily safety, by having the project partner with the Office of Criminal Justice.

ANHD: Trump's budget would hike HUD rents, cut housing programs

Under President Trump's fiscal 2019 budget plan, released in February, rents for HUD-assisted tenants would rise from thirty percent of adjusted income to thirty-five percent of gross income.

This is one of the findings presented by the Association for Neighborhood Housing Development in a summary [report](#) on the housing effects of the proposed budget across the country.

In New York State, according to the report, 511,000 HUD-assisted households would pay an extra \$890 per year, on average, for rent. At present, more than a million severely-rent burdened families pay more than half their income for rent each month.

Across the country, two hundred thousand low-income households would lose their Housing Choice vouchers. Further, funding for public housing would be cut by three billion dollars, or 47 percent, compared with 2017.

Also nationwide, the budget would eliminate four significant programs of interest to low-, moderate- and middle-income residents. They

include the Community Development Bloc Grant program, the Home Investment Partnerships program, the Choice Neighborhoods program, and the Housing Trust Fund.

The HIP program "provides formula grants to states and localities that communities use--often in partnership with local nonprofit groups --to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people," according to HUD.

The Choice Neighborhoods program leverages public and private funding for "locally driven strategies that address struggling neighborhoods with distressed public or HUD-assisted housing through a comprehensive approach to neighborhood transformation," according to HUD. Essentially, it coordinates local residents, stakeholders, housing authorities and others to create and implement neighborhood improvement plans.

The Housing Trust Fund provided \$219 million in 2017 to develop affordable rental housing.

HUD secretary spends \$165,000 on office furniture, while cutting budget programs for poor

In the face of a proposed \$6.8 million cut in the budget of the federal Department of Housing and Urban Development, HUD's Trump-appointed secretary, Ben Carson, has purchased lounge furniture for his office costing \$165,000, as well as a dining set costing \$31,000. (After a torrent of adverse publicity, Carson ordered HUD to cancel the dining set.)

The proposed budget cut amounts to around 14 percent of the agency's total spending, mostly on programs directed towards low-income and homeless Americans. (See story this page.)

News of the purchases came to light after a career official at HUD, Helen Foster, complained to the Office of Special Counsel, a whistle-blowing agency, that she was demoted after refusing to violate a \$5,000 spending limit for office improvements. Any amount beyond that limit requires Congressional approval, which Carson has not sought. Media reports reveal that Carson's decision to buy the new furniture was influenced by his wife, Candy Carson, an unofficial advisor to the secretary.

MLRC Developments

These developments are members of the Mitchell-Lama Residents Coalition

**Individual Membership: \$15 per year
Development Membership: 25 cents per apt (\$30 minimum; \$125 maximum)**

Donations above membership dues are welcome

Adee Towers	Assn
Amalgamated Warbasse	Meadow Manor
Arverne Apartments	Michangelo Apartments
Bethune Towers	109th St. Senior Citizens Plaza
Castleton Park	158th St & Riverside Dr. Housing
Central Park Gardens	Parkside Development
Clayton Apartments	Pratt Towers
Coalition to save Affordable Housing of Co-op City	Promenade Apartments
Concerned Tenants of Sea Park East, Inc.	RNA House
Concourse Village	Riverbend Housing
Dennis Lane Apartments	River Terrace
1199 Housing	River View Towers
Esplanade Gardens	Rosedale Gardens Co-op
Franklin Plaza	Ryerson Towers
Independence House	Starrett City Tenants Assn
Tenants Assn	St. James Towers
Independence Plaza North	Strykers Bay Co-op
Inwood Towers	Tivoli Towers
Jefferson Towers	Tower West
Knickerbocker Plaza	Village East Towers
Linden Plaza	Washington Park SE Apts
Lindsay Park	Washington Square SE Apts
Lindville Housing	Westgate Tenants Assn
Lincoln Amsterdam House	Westgate
Manhattan Plaza	Westview Apartments
Marcus Garvey Village	West View Neighbors Assn
Masaryk Towers Tenants	West Village Houses

HUD seeks to delay Obama rule promoting fair housing

An Obama-era effort to actively combat discrimination in housing is being delayed by the federal Department of Housing and Urban Development.

The rule, Affirmatively Furthering Fair Housing (AFFH), requires local areas not only to bar ethnic and sex discrimination in housing (long required under the 1968 Fair Housing Act), but to affirmatively develop specific ways to integrate. Motivation for the rule stemmed from the fact that while barring discrimination, the FHA provided little or no guidance on how housing integration could be achieved in reality.

Bloc grant penalties

In the face of the persistence of discrimination over the decades, in 1995 HUD directed local jurisdictions to prepare reports identifying obstacles to fair housing, and to describe specific plans to "affirmatively" deal with them. If the jurisdictions failed to provide such reports, they would lose federal bloc grant money.

Local plans were submitted, but according to critics, most of them amounted to little more than "paper exercises," rarely reviewed seriously by HUD. As noted by Diane Yentel, a former HUD official who now heads the National Low Income Housing Coalition, "HUD rarely actually looked at those plans or reviewed them. . . . It was much more of a rubber stamp process."

Then, following a successful lawsuit against Westchester County in New York (alleging that it received more than \$50 million in HUD funds under falsely claiming that it was adhering to the affirmative fair housing goal), the Obama administration proclaimed a new rule, the AFFH, which requires localities to prepare "Assessments of Fair Housing" reports, utilizing very specific types of publicly available data and tools to identify barriers to fair housing and to develop concrete solutions. The new rule became effective in 2015.

A HUD website defines the AFFH as requiring "meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically

areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws."

This is the rule that Ben Carson, the Trump-appointed HUD secretary, is seeking to delay, using much the same arguments that he used in a failed attempt to delay implementation of another Obama-era rule, the Small Area Fair Market Rent rule (see article page 2).

Although about a third of the local "assessments" were initially rejected by HUD because of minor errors, they were eventually accepted after corrections were made.

Not enough time?

Still, Secretary Carson is arguing that localities do not have enough time to meet the AFFH's requirements, just as he said that localities needed more time to meet the SAFMA rule.

Carson also appears to have an ideological objection to the rule: In an op-ed article for the Washington Times, he said the rule exemplified "failed socialist experiments."

If Carson's delay proves successful, localities would not have to meet the new fair housing requirements until 2020, or--given the fact that plans are due every five years after that date--until 2024.

PHAs asked to submit plans to accept former prisoners as tenants

An nationwide competition among public housing authorities to develop or reform admissions procedures regarding former prisoners was announced in March.

The Vera Institute of Justice, with federal funding, is soliciting proposals from PHAs across the nation to develop procedures that plan and implement re-entry programs for people with histories of conviction. The plans must show a real collaboration with local justice systems.

PHAs that manage their own units as well as those administering housing choice voucher programs are eligible to apply. The goals of the initiative include:

- ¶ Safely increasing access to housing for people with conviction histories;
- ¶ Improving the safety of public housing and surrounding communities through the use of reentry housing strategies;
- ¶ Promoting collaboration between

public housing authorities, law enforcement agencies, and other criminal justice stakeholders to effectively reduce crime and improve reentry outcomes for people leaving prisons and jails.

Applicants are required to provide letters of support from relevant criminal justice stakeholders and partners, specifically: the board chair of the housing authority, community human services or reentry service providers, housing authority police or other local law enforcement, and probation, parole, and or corrections officials.

As an option, applicants may also include letters from other partners such as property management companies, tenant associations, the county criminal justice coordinator, legal service providers, and local business leaders.

More information is available at: jbae@vera.org. Applications will be accepted until 11:59 pm Pacific Standard Time, May 2, 2018.

NYCHA tenants sue agency alleging neglect of services

An organization representing NYCHA tenants is suing the agency, alleging that it neglected to protect the inhabitants from lead poisoning, did not provide sufficient heat and hot water during the winter, and neglected to offer employment opportunities.

The suit also accuses NYCHA of falsifying records and mismanagement.

The plaintiff, the Citywide Council of

Presidents, criticised Mayor Bill de Blasio for having "forgotten about New York City's poorest members," according to a statement by the group's chairperson, Danny Barber.

The mayor has supported NYCHA's CEO Shola Olatoye, in the face of calls for her to resign.

Another plaintiff in the suit is At-Risk Community Services.

Affordable housing news from around the nation

National: mayors fear lack of affordability causing harmful outflow of residents

A new survey of the nation's mayors has revealed a growing concern that the lack of affordable housing is causing an economically harmful exodus from their cities. According to the annual Menino Survey of Mayors, only thirteen percent of the 115 mayors surveyed said their housing stock meets the needs of their populations. (The annual survey, conducted by Boston University, represents about a quarter of the nation's cities with populations over 75,000.) According to the survey, the "lack of government funding tops the lists of barriers for improving housing access for low-income residents, while difficulty obtaining bank financing is the greatest barrier for middle-class families and residents of color."

Los Angeles: Plan to convert abandoned properties into homeless shelters

The Los Angeles City Council voted unanimously in January to explore converting several city-owned properties into homeless shelters, among other facilities. According to Councilmember David Ryu, an old library in Hollywood should be converted into a crisis or bridge shelter for women and children. "Homeless women face an inordinate amount of assault, harassment and danger living on the streets of Los Angeles," he said.

In a related move, the city's leaders have proposed installing trailers in a parking lot as temporary shelters for homeless people who sleep on sidewalks. The plan involves the shelter operating for three years, with the hope that residents would move to permanent housing within six months.

Washington, DC: Tenants have right of first purchase

Since 1980, the Tenant Opportunity to Purchase Act has granted DC tenants in any residential complex slated for sale or demolition the first right to purchase the building and either turn it into condos or own it as a whole, usually in partnership with a developer and other financial sources, such as the DC Housing Finance Agency. A recent study by the DC Fiscal Policy Institute, an affiliate of the Center on Budget and Policy Priorities, said the

law has resulted in preserving around 1,400 units of affordable housing between 2002-2013. An additional two dozen deals to use the law have been recorded since 2016.

Portland, Ore. More tenants now get eviction expenses

Tenants in Portland, Oregon, who face eviction from buildings where the owner rents only a single apartment will now be able to demand relocation expenses. The new rule, which went into effect in February, complements an existing law from 2017 that requires landlords of large buildings to pay those expenses when tenants are forced out either without cause, or after being hit with a rent increase of at least ten percent. Until February, the small buildings, known as "Mom and Pop" structures, had been exempt. That is no longer the law.

Medford, Ore: New excise tax will invest in affordable construction

Medford, Ore. adopted in February an excise tax--equal to one third of one percent of building permits for major residential, commercial and industrial development projects--which will be invested in non-profit and for-profit construction firms through a competitive process. The goal is to entice small developers who will slowly but steadily increase the supply of affordable housing. Other cities in Oregon have adopted similar taxes.

Nelsonville, Ohio: Historic buildings renovated for affordable apartments

Two historic buildings in Nelsonville, Ohio, dating to 1907 and 1924, have been renovated for affordable housing for working families and seniors. The structures will provide 33 homes for residents earning no more than sixty percent of the area median income. Prior to renovation, the buildings had been used for schools and other purposes, before being shuttered for extreme disrepair.

Nashville, Tenn: Coalition seeks to raise \$775m for affd. housing

Welcome Home, a coalition of 32 local nonprofit and labor and religious groups, is seeking to raise \$775 million of Metro funds to be dedicated to affordable housing by 2025.

NY Housing Briefs

NYCHA's #2 resigns in wake of lead paint inspection scandal

Michael Kelly, the second ranking executive of NYCHA, announced his resignation, a decision based on his involvement in the agency's long effort to cover up its failure to inspect lead paint in the projects. Kelly's move follows the departure of two other agency officials, and the demotion of a third, in November. Kelly, whose salary had been over \$216,000, will be replaced by Vito Mustaciulo of HPD.

Officials blame fatal M-L fire on lack of HPD inspections

The failure of the City's department of Housing Preservation and Development to inspect a Mitchell-Lama building in the Rockaways was blamed for a fatal fire in the complex in January. The blaze at Dayton Beach Park injured seventeen people, including nine police officers and three firefighters, and was responsible for the death of a 91-year-old woman. Although the fire was ruled accidental by the Fire Department, several officials, including Assemblywoman Stacey Pheffer Amato (who lives in the co-op) and City Comptroller Scott Stringer argued that had HPD inspected the cooperative as required, the fire would not have happened.

Coalition of 15 community groups issue report on NYC predatory equity

"Stabilizing NYC: The Predatory Equity Story," a newly released study, reports that many of the city's tenants often suffer "poor conditions and the threat of displacement yet still fight for the right to live with dignity in safe, clean, and decent apartments." A joint effort of 15 tenant and neighborhood activist groups, the report details how "Despite laws in place to protect rent stabilized tenants, predatory equity landlords are also manipulating rents in various ways to increase the rent burden on tenants." The process causes "tenants physical, emotional and financial distress." Tenant organizing efforts are also detailed. The full report is available [online](http://bit.ly/2rjBCQV) at <http://bit.ly/2rjBCQV>.

What happens when Wall Street becomes your new landlord?

The negative consequences for tenants and small homeowners that occur when Wall Street firms enter the real estate market--a growing phenomenon since the 2008 Great Recession--are cataloged in a new [report](#) by Americans for Financial Reform, a nonprofit coalition of more than 200 labor, human rights, investor and other civic groups. Two other associations participated in the report.

"What Happens When Wall Street Becomes Your Landlord" describes the effects on tenants and small owners under the current influx of private equity firms in the city's real estate market.

In its introduction, the report lists the following effects:

Private equity firms crowd out small owners

"When houses are sold to cash-carrying investors for conversion into rentals, prospective homeowners and 'mom and pop' landlords are crowded out of the market, and communities suffer -- particularly communities of color.

"Wall Street landlords are accountable to investors to increase profits. That pressure is compounded by Bond Rating Agencies when they threaten to downgrade securitization deals if landlords fail to set 'competitive rents' and minimize 'loss' through speedy evictions and aggressive fee collection.

"Tenants are negatively impacted, with large annual rent increases, fee gouging, a high rate of evictions, and rampant habitability issues.

"The damaging effects, like those of the predatory lending that led to the financial crisis, appear to disproportionately impact low and moderate income families and communities of color.

"Federal government policies have spurred the trends discussed here. For example, most of these large institutionalized companies are receiving a huge tax break, being exempt from federal taxes due to their status as Real Estate Investment Trusts (REITs).

"Wall Street landlords have become a growing political lobbying force, with the 2014 launch of a new trade group called the National Rental Home Council. All this adds up to an unprecedented shift in the ownership of houses, from homeowners to mega-corporate investors and from 'mom

and pop landlords' to Wall Street landlords.

"In the post foreclosure-crisis landscape of America, Wall Street private equity firms with the explicit support of the federal government are laying the foundation for a new kind of rental housing market -- one that harms vulnerable renters and communities in unprecedented ways."

Call for local government action

The authors list a series of recommendations. On the local level, the report advocates:

"Establish rent control and just cause eviction laws that cover single-family rentals;

"Prohibit excessive and/or hidden fees;

"Advance Homeownership and Community Control of Housing;

"Establish a "right of first refusal" policy giving tenants first chance to purchase the home when it is being sold;

"Non-profit organizations and public agencies should get the 'second chance' if tenants do not purchase;

"Require public disclosure to city/county government by large-scale owners of single-family rentals, for transparency around what properties they own and what they are doing with them;

"Local government should monitor this industry, tracking their growth and their performance as landlords, and any potential fair housing violations;

"Institute a 'speculators fee' to cover the costs of tracking and monitoring and sharing that data with advocates."

The full [report](#) is available online at <http://bit.ly/2oxzUqj>

MLRC's 2018 legislative agenda

(Continued from page 1)

Housing Finance Law.

- New program based on SCRIE to protect rents of former ML tenants unprotected by public subsidy or private agreements.
- Platform of Cooperators United for Mitchell Lama.
- Platform of Upstate/Downstate Housing Alliance Housing Justice for All campaign.
- Ending "eviction" bonus of 20% rent hike under Vacancy Decontrol.
- Excluding Social Security income from SCRIE eligibility.
- Adjusting income ceiling for SCRIE and DRIE to the cost of living or consumer price index (CPI).
- Indexing Senior Citizen Homeowners' Exemption to cost of living (or

CPI) index (2016--S1074/A5416).

- Prohibiting use of NYC or NYS pension funds for financing ML buyouts.
- Ending source of income discrimination statewide (S149/Ao6764). Protects tenants using Section 8 or any other form of rental assistance.
- Repeal of Urstadt law and establishment of home rule for NYC.
- Speedy enactment of NYC human rights law requiring all building amenities equally available to all residents whether market rate or any other group of tenants. Paid amenities be available on a sliding scale of income.
- Ending all illegal hotel activity in New York State.

Note: Some bill numbers will be revised after reintroduction in 2018.

Memoir: Growing up in RNA House, an M-L co-op on the Upper West Side

A touching essay about growing up in the RNA House, a Mitchell Lama cooperative on Ninety-Sixth Street between Amsterdam and Columbus Avenues, appears in Jacobin, a left-oriented quarterly.

The author is Jennifer Baum, a

writing teacher at Arizona State University and Mesa Community College. The [es-say](#), part of a forthcoming memoir about living in subsidized housing in the 1960s and 1970s, is available online at <http://bit.ly/2FES7Z3>

Altman case could be welcome news for tenants in deregulated apartments

Sam Himmelstein

This is a slightly edited version of an article that first appeared in [Brick Underground](#).

The case of Altman v. 285 West Fourth LLC, which will be argued on March 22, could change the rules for deregulating rent-stabilized apartments in New York City.

Prior to the 2015 court decision, a rent-stabilized apartment could be deregulated through a combination of vacancy increases (rent hikes that the state Division of Housing and Community Renewal allows landlords to make for new tenants) and apartment improvements (rent hikes based upon a percentage of the cost of improvements to or new equipment installed in units).

We used to think that when the legal regulated rent hit the applicable threshold because of vacancy increases and improvements, the subsequent tenant was not rent-stabilized. Altman says that you have to go by whether the prior tenant's legal regulated rent was already above the threshold. If not, the next tenant is still rent-stabilized.

If a stabilized tenant's rent was \$1,000 a month in 2015, for example, when the rent stabilization threshold was \$2,000, the landlord would have been able to institute a 20 percent vacancy increase when the tenant moved out. The landlord would then have had to put in at least \$32,000 worth of improvements to the apartment to get the rent over the threshold, and rent the unit at market-rate to the next tenant.

But under Altman, the next tenant would still be rent-stabilized, since the prior tenant's rent was under the threshold.

The Altman case is being argued in March in the NYS Court of Appeals, the highest court in the state. The judges' decision there will be the last word on the issue, and if Altman is affirmed, thousands of deregulated apartments could return to stabilization.

The additional wrinkle is that when the state legislature renewed rent laws in 2015, they incorporated Altman-like language into the new law. For someone who moved into a deregulated apartment after June of 2015, if the prior rent was below the threshold but theirs is above it, they have an argument that under this new law, they should be stabilized.

Another complicating factor has to do with the particular situation of Richard Altman, which set this case in motion.

"Mr. Altman moved into the apartment as the subtenant of a prior tenant, and then was given his own lease," says Ronald Languedoc, a partner at Himmelstein, McConnell, Gribben, Donoghue & Joseph LLP. "His attorney is arguing that there was no high rent vacancy deregulation because there was never any vacancy. The Court of Appeals could affirm the case on that basis, without even reaching the issue of what truly happens to the rent when there's a vacancy."

If Altman is affirmed, it could be great news for thousands of tenants currently paying market-rate rent, but the trick will be finding out whether the deci-

sion applies to them.

"There probably won't be any official notification unless the DHCR does an inventory, which is highly unlikely," Languedoc says. "It will come down to tenants figuring it out for themselves or going to an attorney."

Many tenants could be impacted, but it's always a question of how many people are going to be aware. The first step is to get your rent history from DHCR, and that should generally be taken to an attorney for review and an opinion on whether and how to proceed.

Sam Himmelstein is a lawyer with the firm Himmelstein, McConnell, Gribben, Donoghue & Joseph LLP who represents residential and commercial tenants and tenant associations.

Report: As subsidies expire, thousands of NYC affordable homes may be lost

Continued from page 1

This state of affairs, especially with a White House administration that has shown a hostility towards government social programs, argues that "the responsibility for supporting and expanding subsidized housing New York City increasingly falls on the city and state. Beyond immediate preservation needs, the deeply entrenched affordability crisis requires bold solutions. The report goes on to suggest the following:

A New York State rental assistance program, working "in tandem with the state's laws to prevent rent inflation."

State operating subsidies to complement existing capital programs.

Establishment of an LIHTC task force, which would bring together "public and private parties in New York State that have a stake in the long-term affordability of LIHTC properties." The task force would include government agencies, syndicators, and tenant groups "to preserve LIHTC beyond the year thirty."

"Tenant Engagement and Education in LIHTC properties, to ensure that each tenant residing in a LIHTC-support-

ed apartment has access to information about the program and their rights."

"Stronger Rent Laws [including ending vacancy deregulation] because there are multiple ties between subsidized and rent regulated housing."

Staten Island residents demand more affordability in Bay Street rezoning plan

A coalition of Staten Island residents and religious leaders are calling on Mayor Bill de Blasio to allow for more affordable apartments in the proposed Staten Island rezoning plan. The plan, dating back to 2016, seeks to convert a 14-block stretch of Bay Street from manufacturing to residential zoning.

The City estimates this will create close to 1,600 new apartments on the stretch, 25% of which would be affordable for households making an average of 60% AMI, or \$51,540 for a family of three under one option. However, the coalition argues that about half of households in Staten Island Community District 1 make below \$50,000.