
MITCHELL-LAMA RESIDENTS COALITION

Vol. 12, Issue 2
September 2006

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WEBSITE: www.mitchell-lama.org

Tivoli Towers--A Tale of Success

By Bernice Lorde

Tivoli Towers is truly a tale of David and Goliath! The tenants defeated their landlord's attempt, at least for the next 18 years, to remove the development from the Mitchell-Lama housing program.

Tivoli is a 320-unit rental located at 49-57 Crown Street in Brooklyn. In April 2005 tenants received a letter from Donald Lentnek, owner, stating that he intended to remove the development from the Mitchell-Lama housing program and sell it to Laurence Gluck. Lentnek's letter immediately raised concern among the tenants. Leaving Mitchell-Lama was one blow and sale to Gluck was another. Gluck's reputation preceded him; he has gobbled up more than 15 former Mitchell-Lama properties.

Where to start? What course of action could Tivoli tenants take to preserve their affordable homes and remain in Mitchell-Lama? First an

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GENERAL MEMBERSHIP MEETING SATURDAY, September 30, 2006

Time: 10:00 a.m. - 12:00 p.m. (Refreshments at 9:30 a.m.)

PLACE: Musicians Union Local 802
322 West 48th Street (near 8th Avenue) Ground Floor, "Club Room"

TRAINS: No. 2,3 trains to 50th St. and 7th Ave.; Q,W trains to 49th St. and Broadway; E train to 50th St. and 8th Ave.; D,F trains to 47th-50th St. and 6th Ave..

BUS: Crosstown M50: westbound 49th Street; Bus 7,10,11 to 48th St.

Mitchell-
LamaResidents Coalition
P.O. Box 20414
Park West Finance Station
New York, New York 10025

THOMPSON: AFFORDABLE HOUSING CRISIS IS ACCELERATING

PR06-05-056 Press Office
 May 25, 2006 212-669-3747
 New York City Comptroller William C. Thompson, Jr. speaks at a news conference on Thursday, May 25, 2006, regarding the significant loss of affordable Mitchell-Lama and Limited Dividend housing units.
[View Policy report](#)

Significant Loss of Mitchell-Lama and Limited Dividend Housing Seen Since 2004
 New York City cannot keep pace with the rapid, significant loss of affordable Mitchell-Lama and Limited Dividend housing units as increasing numbers of project owners have opted out of the programs, according to a report released today by Comptroller William C. Thompson, Jr.

“In just the last two years, there has been a dramatic increase in the number of affordable units converting to market rate,” Thompson said. “We’re seeing a staggering loss of affordable housing and along with it, fewer and fewer housing options for New Yorkers.”
 The report, Affordable No More: An Update – New York City’s Mitchell-Lama and Limited Dividend Housing Crisis Is Accelerating, found that between 2001 and 2003, about 4,700 units left the programs. Since 2004, however, the number of units that have left the programs and filed to leave the programs skyrocketed to more than 25,000.

If all pending withdrawals occur, New York will have lost more than 49,000 units – nearly a third of the 150,000 units created under the programs.
 Joined by elected officials, housing advocates and tenants, Thompson said: “The crisis isn’t around the corner, it’s here today.”

According to Thompson’s report, the substantial and accelerating loss of Mitchell-Lama and Limited Dividend housing has offset many of the City’s affordable housing gains. Although the City’s Department of Housing Preservation and Development funded the creation of 12,229 affordable housing units since 2002, the City lost 12,943 units of Mitchell-Lama housing during that same period.

“It’s clear that, despite a very strong commitment by the City to create and preserve affordable housing, we are losing ground to the market forces that are tempting building owners to leave these programs,” Thompson said.
 As owners increasingly opt out of these two programs, thousands of New Yorkers are going to be faced with rental rates that are far beyond their reach, Thompson said, using the experience of tenants of Independence Plaza North in Lower Manhattan as an example. [Continued on Page 7](#)

UPCOMING EVENTS

GENERAL MEMBERSHIP

Saturday, September 30, 2006
 10:00 a.m. - Noon
Musicians Union Local 802
322 West 48th Street
NYC

Saturday, January 20, 2007
Place: (TBA)

*EXECUTIVE BOARD Meetings (Saturdays)

October 21, 2006

November 11, 2006

December 2, 2006

January 6, 2007

*Executive Board Meetings are held at RNA House, 150-160 West 96th Street (between Columbus and Amsterdam).
 All dates are subject to revision. Please call the voice mail to confirm (212) 465-2619.

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MLRC fights for you and your right to affordable housing!

Mitchell-Lama Residents Coalition, Inc.

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Continued from Page 1: Tivoli Towers Success

Community Service Society of New York:
Report on Housing Losses

A study to be released today by the Community Service Society of New York found that nearly a quarter of the roughly 121,000 apartments built under federal and state subsidy programs dating from the 1960's and 1970's left those programs from 1990 to 2005. The rate of withdrawal grew in the late 1990's and hit its highest level last year.

Another study, released on Thursday by the Office of the New York City Comptroller looked largely at losses from the state's Mitchell-Lama program, and found that more than 25,000 units have been withdrawn or have begun that process since 2004. That number is greater than the 24,000 units pulled out in all the years before 2004, the study said.

"When we last looked in 2003, an estimated 10 percent of the stock was lost or in the process," said Victor Bach, the senior housing policy analyst at the Community Service Society and an author of its report, along with Tom Waters. "Now it's up to 25 percent. It's really accelerating." Both reports suggested that the losses may soon outweigh the effects of Mayor Michael R. Bloomberg's efforts to build and preserve 165,000 units of low- and moderate-income housing by 2013. But city officials said the 56,000 units that they say the administration has already financed significantly exceeds the number of units lost. They also said many residents of buildings have been able to remain in their buildings without paying high rents. Buildings built before 1974 fall under the rent stabilization system, and tenants in other buildings get federal Section 8 vouchers, which cover the gap between the rent they can afford and the market rate.

"That's not to say this is not an issue, that we shouldn't do more," Shaun Donovan, commissioner of the city's Department of Housing Preservation and Development, said of the reports. "But I think they're overstating what the impact is."

According to city figures, there are about 250,000 units of government-assisted housing in the city, developed through low-income housing tax credits, the Mitchell-Lama program and various federal subsidy programs. Under Mitchell-Lama and similar programs, in return for the government aid, building owners were required to keep rents affordable to low- and moderate-income people for a time, often 20 years, before they could leave the programs. In recent years, more buildings have become eligible to withdraw. The strength of the real estate market has created new incentives to pull out. The Bloomberg administration, with some success, has developed programs to encourage owners to stay, but attrition has continued.

"Since 2004, the number has skyrocketed," said William C. Thompson Jr., the city comptroller, citing his office's study of losses of units from the Mitchell-Lama program and the similar Limited Dividend housing program. "In 2004, what we had talked about was an impending crisis in affordable housing. Today, that crisis is here."

The Community Service Society study looked at losses not only from the Mitchell-Lama program, but also from two federal mortgage-interest subsidy programs and the project-based Section 8 rent subsidy program. The study found that 23 percent of 120,917 apartments were lost from 1990 to 2005, including 5,518 in 2005 alone. Another 13 percent are imminently at risk, it said. Attrition has been heaviest among Mitchell-Lama apartments, Mr. Waters said. Just 1,111 Mitchell-Lama apartments with a federal subsidy had been lost through 2002; by early this year, that number had risen to 9,528. Among those without a federal subsidy, 12,755, or 53 percent of all units, were lost from 1990 to 2005.

The number lost from the project-based Section 8 program rose to 5,478 in late 2005 from 3,363 in 2002. The comptroller's office found that 28 Mitchell-Lama developments and one Limited Dividend development, totaling 13,000 units, have begun withdrawing. It predicted that if they withdraw, the city will have lost 49,000 units, or 33 percent of all units built under those two programs.

The comptroller's office calculated that the city had financed the creation of 12,229 low and moderate-income units in the period since 2002, a period in which the study said 12,943 Mitchell-Lama units were lost. But city officials said they have financed the preservation and creation of over 56,000 low- and middle-income units since 2002.

Mr. Waters said he did not think that the losses have outweighed the gains in lower-priced housing yet but they could do so in the future. He said that a lot of the new units being created by the city are for middle-income people — out of reach of many in the group that the older subsidized apartments have tended to house.

Among other recommendations, the Community Service Society called for federal funding to increase the subsidy for projects in areas in which the real estate market is hot, state help in refinancing mortgages, and improved tenant protections. Both studies urged the State Legislature to pass two pending bills that would place all Mitchell-Lama rental buildings under rent stabilization once they leave the program.

Interviews with tenants in several buildings that have left the subsidy programs indicated that change has been gradual in many cases. Jean Green Dorsey, chairwoman of the tenants association in an Upper West Side apartment complex that left the Mitchell-Lama program eight years ago, said more than 80 percent of tenants have

Alice Mitchell, President of the Tivoli Towers Tenant Association

election was held and the tenant association was formed. The tenants recognized they needed legal representation and began raising funds. They selected the firm of Collins, Dobkin and Miller. Stephen Dobkin represents Tivoli's tenants.

Alice Mitchell, the energetic president of the tenant association, initially contacted Bob Woolis of the Mitchell-Lama Residents Coalition. Woolis advised the tenant association to secure and examine the building's relevant documents. Through the Freedom of Information Act, the tenant association secured the Deed, the Board of Estimate Resolution, the City Planning Commission Resolution, and the Summary of Plan submitted to the Department of Housing Preservation (HPD) by the developer. What could be found in any of the documents that would preclude the owner from leaving the program? A careful examination of the documents, namely the Deed, contained a "restrictive covenant" that mandated that Tivoli remain in the Mitchell-Lama program for a full 50 years! ". . . no change shall be made in the land use as specified in the Plan for the area for 50 years."

The tenants' attorney then submitted to Assistant Commissioner Julie C. Walpert of HPD on February 10, 2006, all documents for recognition of the covenant.

In May 2006 a meeting was held with HPD Commissioner Shaun Donovan and his staff. In attendance was Alice Mitchell, president of the tenant association, Council Member Letitia James, Senator Carl Andrews, John Doris, aide to Senator Andrews, Fred Arriaga, counsel to Brooklyn Borough President Marty Markowitz, and Zo Mpofu, aide to Congressman Major Owens, all in support of the tenants of Tivoli Towers.

In June 2006 Tivoli's attorney received a letter from HPD which stated the covenant will be recognized! WHAT A GREAT VICTORY FOR THE TENANTS OF TIVOLI TOWERS. Hard work and commitment saved their affordable homes. Congratulations to the tenants and officers of the association: Alice Mitchell – President; Stephanie Fulson – Vice President; Monique Lawson – Secretary; Elizabeth Brown – Treasurer; Maria Vacarcel – Assistant Treasurer.

The tenants of Tivoli Towers are extremely grateful for the invaluable assistance and support from: Brooklyn Borough President, Marty Markowitz; the Brooklyn and Manhattan Mitchell-Lama taskforce; elected officials, the Mitchell-Lama Residents Coalition; Tenants & Neighbors; and Urban Homesteading Assistance Board.

It is a great victory, but the war is not over! Donald Lentnek and Laurence Gluck [partners] have filed a lawsuit against HPD, ". . . seeking, among other items, to force HPD to issue a letter of no objection in response to Tivoli's (Lentnek) written request to withdraw from the Mitchell-Lama housing program."

What's next for the tenants of Tivoli Towers? Address serious conditions – negligent maintenance, structural deterioration, lack of repairs in apartments, leaks, mold, poor security and elevators constantly out of service.

National Alliance of HUD Tenants Conference Report

By Louise Sanchez

On June 11, 2006, the National Alliance of HUD Tenants (NAHT) held its annual accountability session with the power brokers of HUD in Washington, D.C. Present at the meeting were representatives of 106 tenants from different tenant associations throughout the country. Representatives included states of California, Texas, Vermont, Massachusetts, Rhode Island, New York, and Washington, D.C. In addition there were representatives from Tenant Community advocacy organizations like Tenants and Neighbors from New York, Mitchell Lama Residents Coalition of New York and Rhode Island's HUD Tenant Project, Texas Tenants Union (San Antonio, Houston, Dallas, and Victoria) California (Sacramento, Los Angeles, San Francisco, Berkeley, and San Diego), Kansas, Washington D.C., North Carolina, and Ohio.

HUD officials attending the accountability session were Brian Montgomery, Special Assistant to the Deputy Assistant Secretary for Multi Family Housing, Janet Golrick, Director for the HUD office of Business Products, Office of Housing and Willie Spearman, Special Assistant to the Assistant Secretary of Housing, John Garvin.

Brian Montgomery's opening remarks included an acknowledgement that there was no better advocate for poor families or affordable housing than NAHT. In his experience we could not have a better advocate. He congratulated us on our tenacity and acknowledged during the confirmation hearings to the Senate that policy makers forget about peoples lives / that they are more than just dollar amounts. He said he will do his best to not forget about people's lives and that preservation should always be a top priority for himself as well as Secretary of Housing, Jackson. Montgomery said he enjoyed and applauded the emotion and dedication exhibited by conference participants and saluted them for coming to Washington and working at the conference. He also insisted that preservation of housing is a top priority for HUD and that HUD would remain committed to affordable housing.

Montgomery said he has made himself available to talk with NAHT about budget issues like Section 8 and M 2 M, because HUD recognized the value of including resident's experiences, input and knowledge. He claimed that over 9 years HUD has been successful at preserving housing and saving money through M 2 M and that tenant input has been a critical part of this success. Furthermore, he said when we talk about preservation, too often we talk about M 2 M as the only important tool to preserving affordable housing. He stated that while M 2 M is an important tool to preserving housing, it is not the only option HUD has. M 2 M has preserved more than 90,000 units. The program saved two Billion dollars for HUD and provided stability for low income communities. Sad to say this program is set to sunset September 2006. Of course questions must be asked of the nine Billion dollars they used to preserve the over 90,000 units, how many were saved in the Bush administration and how many were saved in the Clinton administration over the nine year period.

We should note that Congressmen, Ney, Frank and Waters have introduced legislation to re-authorize M 2 M for five more years. HUD estimates more than 800 properties will be eligible.

While new units are being produced, a Harvard Joint study shows that losses outpace production. LIHTC is preserving large numbers of units but doesn't replace units lost. About 200,000 units are lost each year mostly due to demolition.

While the federal administration is promoting ownership for minority and other low income homeowners, there are not enough state grants. Most of HUD housing is privately owned and owners are making decisions that increase their profits. More than 50% of low income renters pay more than 50% of their gross income on housing.

Immigrant families who are applying and may be currently eligible for LIHTC will become homeless if the cost of renting a HUD owned apartment goes up any higher. It is of paramount importance that affordable rental housing exists. Brian Montgomery closed his participation by stating, "...we (HUD) public policy makers need to keep working. We at HUD have to make sure that your advocacy is heard by the appropriate Secretary or designated Acting Secretary. Because it is through your advocacy HUD hears what the issues are." Secretary Montgomery thinks that properties are improving. HUD needs NAHT to help. We need to strengthen the relationship between NAHT and HUD. We may not always agree but we need to keep working together. I hope that this meeting and previous meetings help to develop a partnership to preserve housing. Let's continue to work together to achieve that goal, and I will request that Secretary Jackson meet with NAHT.

After Secretary Montgomery left the meeting, some tenants who were trying to get positions clarified felt there was a lot of double-speak in what Montgomery said. What is true, is that we can only improve housing for poor, moderate income tenants by keeping our collective foot up HUD's ass.

Why Unions Matter

By Randi Weingarten

One of the most important things a labor union can do is give voice to the disenfranchised and fight for those who have no powerful advocates. That's a basic tenet of the American labor movement, and it certainly drives the United Federation of Teachers here in New York City.

Besides fighting to improve the lives and working conditions of the 100,000 educators in the city's public schools, the UFT represents 4,000 registered nurses at various medical institutions around the city, more than 700 workers at United Cerebral Palsy of New York City and hundreds of others. The union is always fighting an uphill battle to ensure that all working people are entitled to fair treatment and the means to earn a decent living. The rewards are worth it, not only for our 1.1 million public school children, but also for the sick and infirm in hospitals and homebound settings.

That is why we, along with the community activist group ACORN, have been working to organize the 30,000 home-based day care workers in the city. These hard-working providers receive government subsidies to watch, care for and educate children from low-income families in pre-school and after-school settings. They are paid through the city's Human Resources Administration and the Administration for Children's Services. Most of the money comes from federal sources, although the city and state contribute.

These workers, mostly low-income women of color, help children with reading, learning colors and numbers, direct safe play, provide meals and snacks, and change diapers, among other duties. Yet they are among the lowest-paid workers in the tri-state region and collect the same meager pay rate whether they work 30 hours a week or 60. The average annual wage for these providers is \$19,933. The federal poverty line for a family of four in 2004 was \$18,850 or less per year. These workers have no health benefits or pension plan and they often pay for such things as learning materials, diapers, toys and books out of their own pockets.

Forming such a union requires legislative approval, and thanks to the efforts of state Senator Nick Spano (R-Westchester) and Assemblyman Adriano Espaillat (D-Washington Heights), the workers will get a shot at it. Last month, they introduced legislation that would allow the workers to organize and bargain collectively for pay raises, benefits and professional development training that will help them provide a first-class

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Dues-Paid Developments

MLRC strength comes from you, the membership. Support the Coalition's educational, advocacy and outreach programs with your membership dollars.

Individual Membership: \$10
Development - 15 cents per apt. (\$25 minimum;
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Concerned Citizens Sea Park East
Skyview Towers
Tower West
Village East Towers
Westview Apts.
West Village Houses
Woodstock Terrace Mutual

If your development has not received an invoice, please call the MLRC voice mail (212) 465-2619. Leave the name and address of the President of your Tenants Association, Board of Directors, or Treasurer and an invoice will be mailed.

The Fight to Save Affordable Housing Heats Up in East Harlem

By Melissa Mark-Viverito, Council Member, 8th District

On July 26, 2006, at P.S. 108, a packed auditorium of about 400 residents from Lakeview aka East 106th Street Apartments came to hear from the owners/developers about the future of this 446 Mitchell-Lama development. The news was not good.

The owners, John Edmonds and Robert Seavey, stated their intent to take the four buildings out of the Mitchell-Lama program. For the residents, mostly people of color, elderly and young couples with small children, the decision by the owners to buy out creates major uncertainty about their future housing. In order to “buy out” of the Mitchell-Lama program owners must pay off the outstanding mortgage and begin to pay market rate real estate taxes. For the past thirty-three years Edmonds and Seavey have only been paying approximately 10% of the actual real estate taxes and only the interest on their 40-year mortgage.

The Mitchell-Lama program is a statewide program that has created approximately 168,000 units of affordable housing in New York State, mostly in New York City. This successful program had a major caveat—an owner can leave the program after twenty years by pre-paying his mortgage. Every Mitchell-Lama development is eligible for “buyout.” Over the years our community has lost a total of 3,467 units to buyouts—among them: Metro North (761 units), UPACA 1 and 2 (405 units), Riverside Park (1,190 units), Schomburg Plaza (600 units), Central Park Gardens (251 units), and Westgate (427 units).

During a buyout, maintaining the existing housing affordable is pitted against the greed of the owners who, in most instances, are looking to get as much money as possible by raising the rents to market rate. The instability that this causes is immeasurable not only to individual families, but to our city as well.

Jo Ann Lawson, president of the Lakeview Tenants Association, spoke passionately about the poor and wholly inadequate maintenance throughout the 33 years this development has existed. Rat infestation, leaks, the illegal warehousing of apartments and abuses of the internal and external waiting lists are also an ongoing reality. In response to her concerns about the living conditions, Mr. Edmonds, one of the owners, essentially told her to go to the courts and sue. Approximately 85% of the residents are or will be eligible for federal Section 8 subsidies. But, in the long run, this option does not protect them since the federal government—under the current administration—has been gutting the HUD budget which funds Section 8.

The people of New York City must be on guard. We are losing affordable housing for our low and moderate income residents: for our working poor and blue collar workers. Where are our seniors, your young families, and our minimum wage to middle management workers supposed to go? We need to let government know at the city and state levels that this cannot continue. We must all work diligently to preserve affordable housing—this is one of my most important mandates as an elected official. All the new housing being built will not replace all the current affordable housing being lost today!! I encourage you to get involved and join us in our efforts.

Continued from Page 4: Unions' Matter

learning environment for the children they serve. New York would be the fourth state to allow family day care providers to organize, behind Illinois, Iowa and Oregon.

The bill is a crucial step in the fight for collective bargaining rights for these deserving workers. With two legislators in leadership positions – a Republican and a Democrat – sponsoring it, we are optimistic the state Legislature will approve it. The bill will also need the approval of Governor Pataki. With the gap between rich and poor in our city and nation growing wider every year, bold steps are necessary to give working families a shot at the middle class. Services like home day care for low-income families are critical to ensure a safe, nurturing environment for kids while giving parents a chance to earn a living. That's why home day care providers have a right to earn a living wage and have access to the tools they need so the children in their care have a first-class learning environment. They need allies, and the UFT and ACORN are pleased to work on their behalf. However difficult the struggle ahead might be, it will be well worth it because the ultimate winners will be children. And fighting for the rights of those who help kids is what this union is all about.

An Open Letter to Eliot Spitzer: End Your Silence on Home Rule!

Editor's Note: This letter appeared in the Met Council on Housing newsletter, Tenant/Inquilino, in the month of May. It was valid then and is valid now. We await word from the camp of Eliot Spitzer.)

Dear Mr. Spitzer,

Given the national reputation you have earned as New York State attorney general fighting fraud and corruption, your continued silence about Albany's corrupt monopoly on New York City's rent and eviction regulations in the face of an unbearable housing-affordability crisis is no longer acceptable.

The leading candidate for governor of New York State has an obligation to all of the people, including the two and a half million New York City residents living in rent-regulated apartments and the hundreds of thousands more facing loss of their Section 8, Mitchell-Lama, and other subsidies.

For well over a year, Met Council on Housing and other housing advocates have urged you to take a stand on home rule. Ordinary tenants, district leaders, and activists have questioned you repeatedly at Democratic clubs and other campaign appearances. Yet so far, you have ducked the issue. It is time to tell us where you stand.

The control of the city's rent and eviction laws by the gerrymandered state legislature in Albany is a scandal as great as anything you have tackled on Wall Street. With no accountability to anyone in New York City other than the real-estate lobbyists who contribute millions of dollars to their re-election coffers, the legislature has abused its public trust by repeatedly weakening rent and eviction protections, making the acute housing and homelessness crisis even worse. The evictions of some 25,000 tenants without lawyers in Housing Court each year, which are followed by steep vacancy increases and often complete decontrol, is causing the loss of tens of thousands of units of affordable housing each year as surely as if they were bulldozed, far faster than new affordable housing can be produced. This guarantees that the housing crisis will continue to get worse even if a modest amount of new affordable housing is created at great expense.

Almost a third of New York City tenants – poor and middle class alike – now pay at least half of their income in rent, and hundreds of thousands of very low-income families, many who are without health insurance, pay 70 percent or more. Hunger and homelessness are at record levels while real-estate profits skyrocket. This is not good government or good policy by any definition.

In 1971, when New York City's home rule over rent regulations was taken away by the Urstadt Law, the average monthly rent for an apartment here was only \$215. After 35 years of misgovernment by the state legislature, the median rent has more than tripled. The city's elected government is powerless to protect its residents because its hands are tied, and the state government, has arrogated that power to itself and refuses to exercise it.

Groups have called for restoration of home rule over rent and eviction laws. They have been joined by organizations such as the New York Immigrant Coalition, Citizen Action, and the Working Families Party. The Brennan Center for Justice at New York University School of Law, which does not take a position on what rent regulations, if any, are appropriate, has stated that the decision must be made by the city's local government based on fundamental principles of American democracy and self-government.

Mr. Spitzer, perhaps by your silence on this issue of fundamental human rights and basic survival to so many New Yorkers, you are hoping to appeal to both the millions of tenant voters who look forward to the end of the Pataki administration and to the real-estate interests who contribute millions of dollars to political campaigns. We urge you to take a stand on this issue of life and death for New York City: restoring our home rule over rent and eviction laws.

Continued from Page 3: Buyout Report

stayed and are paying rents at the stabilized rate. Mrs. Dorsey, who said that she and her husband pay \$600 for their two-bedroom apartment with a terrace, said that rents for vacant apartments have tripled.

Edward Clarke, president of the tenants association at Boulevard Towers I in Soundview in the Bronx, which also left Mitchell-Lama, said tenants who stayed are paying rents similar to what they paid before. But, he said, evictions have gone up. And, in 10 years, he predicts, the residents will be a different crowd.

“Quite frankly, a lot of people I know are moving out of the city altogether,” said Mr. Clarke, 36, an operations analyst with Mellon Investor Services.

“Because of how much of your income you spend just renting an apartment, you can't really live a decent life or really enjoy all the offers and benefits the city has.”

activists mailing list
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“Once A Tenant’s Dream - Now A Tenant’s Nightmare”

Castleton Park 100

Castleton Park Apartments - St. George, North Shore part of Staten Island

By Judy Montanez, Co-Chairperson, Staten Island Tenants Coalition for Affordable Housings (SITCAH) and Co-Chairperson of Castleton Park Apartments

Staten Island, often referred to as the “forgotten borough” by its residents, has joined the city-wide fight to save affordable housing. Castleton Park Apartments has recently received official notice from Division of Housing and Community Renewal (DHCR) that the owners of the complex will be opting out of the Mitchell-Lama Program. Tenants currently receiving project based Section 8 subsidy have already been notified that at the end of June 2007 the owners do not intend to renew their contracts, but they will be offered the new Enhanced Section 8 vouchers, if funds are available.

The current legislation does not provide rent protection to us Castleton Park Tenants because we reside in a building built and occupied after December 31, 1973. We are NOT governed by rent stabilization or rent control laws. By the end of next summer we will be at risk of high fair market conversion. But before I continue with the story of Castleton Park losing its affordable housing, I would like to give those of you who are not familiar with the North Shore of Staten Island a “flavor” of who we are and the transformation occurring in this area. Staten Island, with just fewer than half a million people, has a third of the population of any other borough. But it has been growing rapidly. In the late 1990s, 58,304 people moved to the island. This population growth has brought a strong interest in building developments on Staten Island.

Although the north shore areas are full of buildings that have been abandoned, gated storefronts and other eyesores, local leaders are hoping to receive money from many different sources to encourage new businesses to set up shop. The north shore of Staten Island is, however, currently undergoing a major revival. The \$79 million stadium located next to the Staten Island Ferry Terminal, which opened in June 2004 to house the Staten Island Yankees, is just one part of a major economic revitalization effort on Staten Island’s north shore. The land adjacent to the stadium has a scenic promenade with trees, ponds, benches and bike paths. The revitalization project also includes the construction of the Staten Island Institute of Arts and Sciences and the National Lighthouse Museum. But the starting point of the major revival plan was the \$130 million renovation to the Staten Island Ferry terminal, the biggest revitalization effort in the borough’s history, which opened May 20, 2005. There are a host of big projects under way in St. George and the neighboring Tompkinsville area, one being the New Stapleton Waterfront Development Project.

Castleton Park Apartments is in the hub of a north shore exploding real estate market that can dictate much higher rents. The current owner of the Castleton Park complex is Gluck c/o Jack Parker Corporation Company, Real Estate Commercial/Residential Real Estate Developer, Forest Hills, NY. The owner’s submission of the application to opt out of Mitchell-Lama is confirmation that the property is being sold. Stellar Management, owned by Mr. Laurence Gluck, is our new managing agency. Although we suspect that Mr. Gluck will be the new owner of this development, we won’t know for sure until we see the “contract of sale” that will be registered in Dept. of Finance City Records when the sale is finalized. Mr. Gluck bought 15 other Mitchell-Lama developments in New York City; has already taken some of them out of Mitchell-Lama, and is currently in the process of doing the same with the remaining developments.

Depending on the location of your apartment, Castleton Park Apartments offers a beautiful view of New York harbor, the Statue of Liberty, Ellis Island (a daily reminder of the thousands who had passed through Staten Island), the Manhattan skyline, Brooklyn, New Jersey, the new Staten Island Ferry Terminal, and Yankee Stadium.

Castleton Park Apartments, located in St. George, Staten Island, has 454 units, housing hard-working law-abiding citizens of low-to-moderate income, who pay (paid) taxes all of our lives, contributed to social security and vote. We are a group of multi-cultural tenants, some of us who have resided lived here for over 15 to 20 years, raised our children, who are now residing at Castleton Park and raising their own children.

We helped build our neighborhood. The tenants of Castleton Park are a mixture of low, moderate-to-high income tenants, which includes senior citizens; disabled; United Cerebral Palsy residents and Section 8 tenants who once worked became disabled or loss their jobs (some as a direct result of 911) and/or are retired. We are your school teachers, dieticians, aides; nurses; secretaries; home health aides; clerks, receptionists, paralegals, military personnel, stewardess, security workers; bus drivers; social workers; sanitation workers; etc.

The residents of Castleton Park Apartments have been living in the security of affordable Mitchell-Lama Subsidy Housing Program, a 50-year-old initiative that was established to encourage renewal in neighborhoods struggling to survive. Landlords were offered long-term tax breaks in exchange for affordable rent and a 20-year contractual agreement with HUD. Now, 20 years later, the tenants are outraged at the fact that these agreements were made without any planning for the future of tenants who cannot afford to pay the high fair market rents the landlord will charge once the owner prepays the mortgage and is free to leave the Mitchell-Lama Affordable Housing Program.

This hilly neighborhood at the tip of Staten Island is filled with beautifully restored Victorian and Colonial homes; Bay Street Landing Coop & Condominiums - two former warehouses that were converted to luxury apartments; and the Staten Island ferry which is within a three-to-fifteen-minute walk of anywhere in town. The tenants of Castleton Park enjoy a quiet and scenic commute to and from the city via the 25-minute free Ferry ride that runs 24 hours a day. Total commute time from St. George to midtown runs 45 minutes to an hour. The newest ferries carry more than 4400 passengers at a time.

I have worked in New York City since I was 14 years old; I am 57 years old now, have lived here at Castleton Park since the building was built in 1974 as a single parent and raised two children, now 31 and 33. What is to become of my future? I have been blessed to have had the opportunity to have my rent adjusted according to my income (30% of income goes to rent). When my husband and I moved in we paid fair market; a few years later both my husband and I worked, my rent was raised above fair market; I was laid off, divorced and collected unemployment benefits - my rent was lowered and I received Section 8; I became a middle income working single parent - my rent was raised to fair market; I had an accident which rendered me disabled unable to work - my rent was lowered. That’s the beauty of the Mitchell-Lama affordable housing program. However, this conversion from Mitchell-Lama affordable apartments to high market rentals will in the near future force me, as well as many other tenants, out of my community, my support system and my home.

This loss of affordable housing affects families of all income brackets, not just Section 8 and HUD subsidies. The enhanced vouchers which replaces the Section 8 and HUD 236 subsidy which has taken the place of the current Project Base Section 8 program and HUD subsidies has a higher income threshold so many tenants will be eligible to apply for the new Enhanced Section 8 Vouchers. However, this is a false “security blanket” because sooner or later the enhanced vouchers will not be enough to pay the high market rates and many tenants will have to leave if they can not afford to pay the new fair market rents. Tenants are being told that they should not fear because they can take their vouchers with them to be used at another complex. However, finding landlords to take these vouchers is difficult. Another problem with the Enhanced Section 8 Vouchers program is that it does not address the many tenants who are forced to leave their homes after the Mitchell-Lama opt-out conversion. Tenants in an underutilized or over-housed (over-crowded) unit must transfer to an appropriate unit size for their household or lose their enhanced voucher after one year. Many developments do not have enough vacant apartments for these transfers, hence tenants will be displaced.

We need the politicians to address the fact that the Enhanced Section 8 Vouchers is a “band aid” approach. We deserve the government’s attention and protection. President Bush is already pushing his Block Grant program which will eventually eliminate the voucher program. According to the NYCHA’s Plan to Preserve Public Housing, “Federal revenue sources have remained relatively flat over the last several years, and it is a reasonable assumption that they will continue to do so. President Bush’s proposed budget for 2007 calls for a modest increase for Section 8, flat spending on the

Public Housing Operating Fund, and a reduction in the Public Housing Capital Fund. While Congress has yet to pass budgets for federal fiscal year 2007, it is unlikely there will be significant growth in discretionary spending.”

“The Housing block grant proposal requires Public Housing Authorities (PHA) to continue assistance to any family currently receiving homeownership assistance under the Section 8 voucher program, but does not offer the same protection to families participating in the much larger rental assistance program. The Housing Assistance proposal caps the proportion of funds PHAs may use for administrative costs and limits the proportion of funds used for project-based (as opposed to household-based) rental assistance.”

The Political powers to be MUST learn from hindsight, which should give us insight as to what is coming in two to three years. We need politicians to recognize that the current solution - Enhanced Voucher Funding Program - is NOT a solution; it is being instituted with the same irresponsible decision-making and lack of commitment to constituents as when they implemented the affordable housing Mitchell-Lama HUD Subsidy Program --there was no foresight to what was going to happen in 20 years when the contract ended.

We will no longer be able to afford to live in New York City, a place we, the people, helped build. This is an atrocity to all the loyal constituents.

We also need our politicians to hold HUD and it's PHA administering agencies - DHCR, Housing Preservation Department (HPD), New York City Housing Authority (NYCHA), accountable for allowing unscrupulous landlords to opt out of the Mitchell-Lama program when: (1) there is a restrictive covenance clause in the mortgage/deed that clearly states the number of years the development must remain affordable; and (2) there is a J51 Tax Abatement. The government also should be holding the landlord accountable for the reimbursement of all funds used by tenant associations (out-of-pocket monies) to hire engineers to challenge the owner's estimated major capital improvement costs found to be too low, as well as the monies used to hire a lawyer to take the landlords to court because they did not disclose a restrictive covenance and/or J51 tax abatements. The landlords are taking advantage of tenants with the blessings of the government.

To add insult to injury, we are being told that HUD can take us out of DHCR, which currently administers our subsidy program. HUD can decide to have HPD or NYCHA administer the new Enhanced Section 8 Vouchers and they can base their decision on the owner's prerogative. This is unacceptable. We have an outstanding hands-on working relationship with DHCR and feel it would just add insanity, insecurity and insensitivity to switch us to another administering agency when DHCR is quite capable of continuing to administer this program in our complex. Why can't we have a voice in who administers the program? We have worked hard for New York City. Now New York City government must work hard for us. We deserve to be protected. The politicians need to support Repeal Urstadt, reinstating "Home Rule" - Assemblymen Vito Lopez Bill. We need our politicians to change the rent stabilization and/or rent control laws to protect all tenants currently residing in buildings built and occupied after December 31, 1973 and support legislation to grandfather these people in for the duration of the time they reside in these buildings. This is a government's responsibility, but it has become the tenants' burden.

Economic equality and dignity for all is a quality of life issue that everyone should care about, including our politicians.

NAHT Salutes MLRC

In June 2006, the National Alliance of HUD Tenants (NAHT) presented the Mitchell-Lama Residents Coalition (MLRC) with their Group Appreciation Award in recognition of the coalition's "Creative and Comprehensive Strategy to Save Affordable Housing."

Rents for a two-bedroom apartment in the development ranged from \$900 to \$1,400 per month when the development was part of the Mitchell-Lama program. After withdrawing from the program, two-bedroom rents soared to \$3,200 per month.

"Now is the time to push for programs and changes in State laws to ensure the long-term affordability of these programs to protect financially vulnerable families," Thompson said.

Thompson made the following recommendations in his report:

- * New York State should establish a program to help refinance mortgages and pay for needed repairs for the remaining 52,090 units of Department of Housing and Community Renewal-supervised Mitchell-Lama housing that were financed by the New York State Housing Finance Agency, the Urban Development Corporation or the State Loan Fund.

- * The State should enact legislation, already passed by the Assembly, to place under rent-stabilization all Mitchell-Lama developments built after 1974 that leave the program. In 2005, the sponsors of this bill estimated it would protect approximately 32,000 tenants.

- * The State should enact legislation to prohibit owners of Mitchell-Lama developments from applying for rent increases under the "unique and peculiar circumstances" clause of the Emergency Tenant Protection Act.

- * The City should investigate the feasibility of new loan programs that would provide Mitchell-Lama and Limited Dividend developments that are not eligible for the Housing Development Corporation Refinancing and Rehabilitation Assistance Loan program with access to long term low-interest financing if they continue to remain in their respective programs.

- * The City should clarify the new Housing Development Corporation Mitchell-Lama Co-Op Conversion Program. For example, many Mitchell-Lama rental developments need extensive repairs in order to overcome years of deferred maintenance, yet it is unclear how capital improvements would be financed.

- * The City should develop affordable housing production goals on a neighborhood basis, taking into account which neighborhoods are most likely to lose Mitchell-Lama and Limited Dividend housing in coming years.

- * The City should work with local community organizations and elected officials to develop programs to help Mitchell-Lama and Limited Dividend families find replacement housing, in their current neighborhoods or in other sections of the City.

This report is an update to a 2004 study, Affordable No More: New York City's Looming Crisis in Mitchell-Lama and Limited Dividend Housing.

A full copy of both reports can be viewed at the Comptroller's web site: www.comptroller.nyc.gov.

Rally

**to demand Protection-Incentives-
Enforcement (PIE)
for
Mitchell-Lama Tenants**

Tues, Oct 10, 2006; 7:30 to 8:30 AM
Fifth Avenue & 106th St.,
Manhattan, in front of Lakeview Apartments.

**For more information call 212 608-4320, ext. 301, or email
amy@tandn.org**

The P-I-E Strategy for Saving Mitchell-Lama

New York City's stock of affordable Mitchell-Lama rental apartments is rapidly being lost, as landlords remove buildings from the program in search of higher profits on the unregulated market. The public invested an enormous amount of money and other resources in the creation of this housing for an important public purpose: the creation of a stable supply of affordable housing. Unfortunately, the law allows landlords to remove ("buy out") their buildings from the Mitchell-Lama program, converting this public investment for private gain.

To respond to the threat of more buy-outs, we need policies that preserve Mitchell-Lama buildings as Mitchell-Lama, protect tenants when buy-outs do occur, and ensure that landlords do not use buy-outs to avoid meeting their responsibility to comply with the law.

P – Protections for tenants when buildings leave Mitchell-Lama:

Currently, many tenants find themselves completely unprotected when a buy-out occurs, subject to enormous rent increases that force them from their homes. Buildings that leave subsidy programs are covered by rent stabilization only if they were occupied before 1974 (and those that are covered by rent stabilization may be subject to the "unique and peculiar circumstances" loopholes allowing large rent increases). This leaves tenants vulnerable to extreme rent burdens, displacement, and eviction in the event of a loss of subsidy.

New York State should legislate that Mitchell-Lama buildings enter rent stabilization if the owner opts to remove the building from the subsidy program (A. 2454 and S. 2061), and it should end the "unique and peculiar circumstances" loophole (A. 10596 and S. 7120).

I – Incentives for landlords to remain in Mitchell-Lama: The Mitchell-Lama program is designed to reward landlords with profits, but not necessarily profits equal to those that can be realized on the private market in the midst of a chronic housing shortage. Experience with project-based Section 8 buildings show that additional subsidy incentives are effective in influencing owners to remain in subsidy programs. This costs government money, but much less than it would cost to build new affordable housing comparable to the existing Mitchell-Lama stock.

New York State should develop an incentive program to keep buildings in the Mitchell-Lama program. This could be modeled on the New York City Housing Development Corporation's Mitchell-Lama refinancing program, but should be strengthened by making a larger pool of buildings eligible for refinancing, offering refinancing with deeper subsidy, and requiring longer commitments from participating owners.

E – Enforcement of Mitchell-Lama regulations: Currently, Mitchell-Lama landlords often buy out despite serious violations of housing codes and Mitchell-Lama regulations. This enables the landlord to permanently avoid the responsibilities that came with their subsidies, and saddles tenants with bad conditions that they may then be required to pay for through Major Capital Improvement rent increases. The agencies that supervise Mitchell-Lama developments, the New York State Division of Housing and Community Renewal and New York City Department of Housing Preservation and Development, have the discretion to enforce regulations or not.

The supervising agencies should enforce all regulations, and they should require Mitchell-Lama landlords to qualify for a buy-out by fully complying with all regulations. Buildings with serious violations should not be permitted to buy out.

Enforcement of Residents' Rights to Organize

HUD Handbook 4381.5 (Rev.2)

Memorandum from Deborah VanAmerongen, Director, New York Multifamily Hub 2AHM

HUD encourages residents to become actively involved in the decisions that affect their housing developments. Chapter 4, of the subject Handbook, "Working with Residents," seeks to foster a partnership among the key actors in HUD insured and assisted housing – owners, managers, HUD staff and our primary customers, the residents. This Chapter elaborates on important regulations found under 24 CFR 245 pertaining to the residents' right to organize.

HUD expects owners and their management agents to build good resident/management relations. The participation and cooperation of residents are important to create a suitable living environment and can contribute to the successful operation of these properties.

This letter brings to your attention key features of this Chapter. The Department will take most seriously violations of residents' rights by owners or their managers.

Recognition of Resident Organizations and Their Efforts

Chapter 4 states HUD's expectation that owners/managers will recognize legitimate resident organizations which meet regularly, operate democratically, are representative of all residents in the development, and are independent of non-resident owners and management agents. Owners/managers may not impede the reasonable efforts of residents to organize nor impede activities of resident organizations to reasonably represent resident interests.

Provision of Meeting Rooms for Resident Associations

Where space is available, owners/managers are specifically expected to provide an accessible meeting space within the premises of the development for legitimate resident associations to hold meetings. In projects subject to budget-based rent reviews, owners/managers may not charge residents a fee for the use of such rooms. For all other projects, owners/managers may charge residents a fee for the use of these facilities only if a fee is normally charged for the use of such facilities.

Responding to Resident Complaints

Chapter 4 contains procedures for owners/managers to log and respond to resident complaints and for HUD field staff to monitor owner/manager responses. Owner/manager failure to respond timely to valid resident complaints will be noted during management reviews.

Impediments to Residents or Resident Associations Attempting to Exercise Their Rights

The handbook identifies specific actions by owners/managers which constitute impediments to residents or resident associations attempting to exercise their rights. These include:

- (i) Unreasonably denying accessible meeting space to residents.
- (ii) Repeatedly sending management representatives to resident meetings which residents have requested management not to attend.
- (iii) Evicting, threatening to evict, withholding entitlements, or otherwise penalizing residents for organizing or asserting their rights.
- (iv) Attempting to adversely influence resident leaders by offering individual inducements such as employment, preferential transfers, rent abatements, favored repairs, or other benefits not available to all residents in the development.
- (v) Attempting to form a competing resident organization under the control of the management company or the owner.
- (vi) Sexually harassing residents.

HUD considers any of the above actions taken by owners/agents to be a violation of residents' right to organize and assert individual rights. HUD will investigate and take appropriate actions where owners/agents are found by HUD to have violated these rights.

Owners/agents are expected to engage in conduct which is responsive to and supportive of independent resident organizations, and to refrain from actions such as those cited above which would impede this important Departmental objective. HUD Project Managers have been instructed to familiarize themselves with Chapter 4 and its place in the overall monitoring and enforcement structure of the Handbook, and to likewise be supportive of residents' efforts to organize.

Enforcement of Residents' Rights to Organize

If you have any questions you may contact Stacey Schragar at (212) 264-0777 extension 3840.