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# MITCHELL-LAMA RESIDENTS COALITION

Vol. 18, Issue 1  
March 2013

WEBSITE: [www.mitchell-lama.org](http://www.mitchell-lama.org)

## Housing, community funding slashed under sequestration policy

Federally-assisted housing and community development programs are being cut by billions of dollars under the sequestration resolution adopted by President Obama and Congress, according to estimates developed by the Center on Budget and Policy Priorities, and based on government-issued data. The cuts will adversely affect more than a hundred thousand families.

And according to HUD, an additional hundred thousand individuals who were previously homeless may have to be evicted from shelters or other emergency facilities.

The sequestration policy was crafted by Washington to force a budget compromise between the White House and Congress. However, the two parties did not agree on an approach to reduce the federal deficit, with the President seeking a combination of some cuts with tax rises on the very wealthy, and Republicans in Congress insisting on no tax increases for the wealthy, but demanding deep domestic spending cuts.

Although the cuts were scheduled for March 1 of this year, their actual impact may not be felt for several months.

Regarding rental assistance, the Center estimated that Section 8 voucher cuts of more than \$971 million would force over 113 thousand families from the pro-

gram nationwide. In New York State, that figure would be nearly twelve thousand families.

The cuts, however, do not affect enhanced or “sticky” vouchers, for example, those that apply to post-1973 Mitchell-Lamas that have exited the program. Nor do they affect residents who are currently using their vouchers.

Public housing cuts would amount to more than \$304 million nationwide, and more than sixty-three million dollars in the state, the Center estimated.

Community Development Block Grants, which have funded a variety of neighborhood based improvement projects, are slated to lose \$153 million throughout the nation, while in New York State the loss is estimated at more than \$14.6 million.

Housing grants directed specifically towards Native Americans, among the nation’s poorest communities, would drop by 34 million dollars nationwide, and more than six million dollars in our state.

Homeless assistance programs would lose nearly a billion dollars throughout the country. New York’s share of that loss would amount to nearly eleven million dollars. *See story on NYC homeless, Page 8.*

In related news, a national real estate website cited directors at the FHA

seventy-five thousand Americans will lose their homes to foreclosure in 2013 because of sequestration” because a HUD program to be cut is a foreclosure prevention counseling initiative.

In February, a bill introduced into the U.S. Senate, S16, would allow the President greater leeway in implementing the cuts. *See story page 6.*

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### MLRC 2013 policy agenda

MLRC’s policy agenda for 2013 calls for protection of Mitchell-Lama residents and other tenants, supports legislation to stop unwarranted rent increases, and seeks restrictions on privatization. *See page 7.*

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### ‘Meet and Greet’ set for May 4

The Mitchell-Lama Residents Coalition will hold its periodic ‘Meet and Greet’ event--a project on lobbying in the neighborhood--on Saturday, May 4, 2013, from 10 a.m. to 1 p.m.

The event will take place at the Musicians Union Local 802, 322 West 48<sup>th</sup> Street (near 8<sup>th</sup> Avenue), in Manhattan.

**Strengthen MLRC**  
**Join today (use form on page 2)**

### GENERAL MEMBERSHIP MEETING SATURDAY, March 16, 2013

**Time: 10:00 a.m. – 1:00 p.m.**

*Members are urged to voice concerns regarding their developments*

*(Refreshments at 10:00 a.m.)*

**CONTACT:** [information@mitchell-lama.org](mailto:information@mitchell-lama.org)

**PLACE:** Musicians Union Local 802

**322 West 48<sup>th</sup> Street (near 8<sup>th</sup> Avenue) Ground Floor, “Club Room”**

**TRAINS:** No. 1, train to 50<sup>th</sup> St. and 7<sup>th</sup> Ave.; Q,W trains to 49<sup>th</sup> St. and Broadway; E train to 50<sup>th</sup> St. and 8<sup>th</sup> Ave.

Mitchell-Lama Residents Coalition  
P.O. Box 20414  
Park West Station  
New York, New York 10025

# Hudsonview Terrace residents lose suit against HUD, HPD and owners

Four tenants at Hudsonview Terrace in Manhattan, a former Mitchell-Lama development that opted out of the program in 2003, lost a lawsuit against HUD, HPD and the owners in January, charging them with illegally permitting a rent formula that deprived them of due process.

The residents had charged that when they were given the option of choosing between regular Section 8 vouchers and "sticky" vouchers--the latter of which would allow them to stay in their building--the government agencies did not afford them a hearing to show what their rents would be under each type of voucher. In effect, they alleged that they were entitled to such "evidentiary hearings," at which they could present

evidence of economic hardship, which could be taken into effect in calculating the rent formula.

A New York federal judge, however, ruled that neither HUD nor HPD was required to offer a hearing under the current circumstances. As a result, their rents eventually soared to 40 to 60 percent of their incomes.

The judge ruled that the residents' complaint is that "HPD's practice of requiring plaintiffs to pay a larger share of rent, relative to their income, is unfair. But the statute that governs the Housing Choice Voucher Program explicitly creates a permissible ceiling as to tenants' rental shares (after a significant decline in their income), which HPD followed."

## Lack of heat, hot water jars residents at the Promenade

Frigid weather this winter may be uncomfortable to all inhabitants of New York City, but residents of the Promenade, a Mitchell-Lama building in Marble Hill, the area at the northern tip of Manhattan, have had it particularly bad, trying to function with no or partial heat or hot water for week after week as the temperatures dropped to sub-freezing.

A story in the Riverdale Press at the end of January reported on tenants who could barely take showers, and are forced to heat their apartments with boiling water and space heaters. Unless carefully monitored, space heaters can lead to serious accidents,

including flash fires.

RY Management, the owner, has been the recipient of more than eighty complaints of no heat or hot water' lodged with HPD, the paper said.

City regulations require that during the period between October 1 and May 31, between 6 a.m. and 10 p.m., temperatures indoors must be at least 68 degrees if the outside temperature falls below 55 degrees. At night, between the hours of 10 p.m. and 6 a.m., if the temperature outside falls below 40 degrees, the inside temperature must be at least 55 degrees.

### UPCOMING EVENTS

#### GENERAL MEMBERSHIP

Saturday, March 16, 2013

10:00 a.m. - 1:00 p.m.

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

Musicians Union, 322 W. 48 St., between 8th & 9th Aves

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

#### Mitchell-Lama Residents Coalition, Inc.

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*MLRC fights for you and your right to affordable housing!*



# Pushing the envelope: New York needs home rule now

By Kenny Shaeffer

*This article appeared originally in Tenant/Inquilinos, the newspaper of Metropolitan Council on Housing.*

Self-determination is recognized by the United Nations as a universal human right, but that isn't the case regarding New York City's ability to deal with our housing crisis. Now is the time to step up the fight to restore home rule. There are also measures the city council can pass to address aspects of the problem which would test and help expand the limits of the city's existing power.

In 1971, when New York City lost home rule, the median rent for an apartment here was \$215 a month, and the shelter allowance for a single adult on public assistance was also \$215 a month. Today, the basic shelter allowance is still \$215—but rents have skyrocketed out of control since 1971, beginning with a one-two punch from Gov. Nelson Rockefeller and the state legislature.

Chapter 371 of the Laws of 1971 created vacancy decontrol, meaning that every time one of New York's million rent-controlled households moved or was evicted, there was no limit on what the landlord could charge, and the next tenants would have no rent or eviction protections.

Chapter 372, called the "Urstadt Law" after Rockefeller's housing commissioner, Charles Urstadt—like Rockefeller a major real-estate player—took away New York City's power to enact "more stringent" rent and eviction laws than those approved by the state, although the city still has "police power" to enact legislation over issues such as window guards and pets.

Burying controversial legislation in the state legislature, which is more easily manipulated by powerful special interests, is a trick Rockefeller learned from his grandfather, John D. Rockefeller Sr., the founder of Standard Oil, now Exxon. As historian Robert Caro has noted, "Standard Oil did everything to the Pennsylvania legislature except refine it."

Vacancy decontrol was relatively short-lived. Within three years, more than 400,000 apartments were deregulated, and maintenance plummeted as tenants lacked legal protections to enforce their rights or resist harassment.

The Emergency Tenant Protection Act of 1974 ended vacancy decontrol, but the sharp escalation of rents that decontrol triggered continues to this day. As rents have exploded far beyond what working people can afford and homelessness keeps hitting new record levels, the city govern-

ment has been prevented from responding --except by periodically renewing the inadequate existing rent and eviction protections.

Tenants have had to take their fight to the state legislature in Albany every time the rent laws come up for renewal, and have little to show for it. In 1997 and again in 2003, the Legislature seriously weakened the rent laws, turning rent stabilization into "a house divided" with new forms of vacancy decontrol. When the laws came up for renewal again in 2011, thousands of tenants and dozens of community organizations joined together in a powerful campaign for "real rent reform," but despite heroic efforts the result was only a very slight improvement leaving a woefully inadequate statute. The state rent laws come up for renewal again in 2015.

Everyone recognizes that without home rule, effective legislative action to address the housing crisis is impossible, but some people feel that demanding it is not practical. We disagree. Next November, New York City voters will elect a new mayor and City Council. It is time that the people in this "city of renters" and their elected leadership stand up and demand the restoration of home rule over rent laws so we can finally respond to our unbearable housing crisis.

## Pushing the Envelope

Even before home rule is restored, there are measures the City Council can pass which may not be held to violate Urstadt.

Seth Miller, a lawyer with the tenant [law] firm Collins, Dobkin & Miller and a former Met Council board member, suggests a number of laws which he feels would address specific problems and survive a legal challenge as legitimate exercises of the city's police power. Among his suggestions:

1. Prohibit an owner of a building with six or more apartments from diminishing the number of units.

2. Implement licensing for managing agents of multiple dwellings, in which their licenses would be revoked for a pattern of overcharges, baseless litigation, failure to make repairs, and the like. "We license barbers, tour guides, and newspaper stands in New York," Miller points out, "but not the infinitely more complex and important task of complying with housing laws and regulations. This is nuts. Lives are at stake when a

property manager doesn't know what he is doing, and the city should be able to make sure that every building is run by someone qualified—and put those who aren't out of business."

3. Limit real-estate brokers' fees to one month's rent for rent-stabilized apartments, and require them to refund any part of the fee that is in excess of the legal regulated rent, if the tenant wins an overcharge case.

4. Require the city Department of Housing Preservation and Development or Corporation Counsel to sue for a declaration that every unregistered apartment in a building receiving J-51 tax benefits is rent-stabilized, and the city must declare the lawful rent and notify every tenant if the landlord doesn't.

"The Urstadt law only says the city can't enact more stringent regulations or create new categories of rent-regulated housing," Miller notes. "It does not deprive the city of the power to make safety, zoning, and licensing laws that apply to regulated and unregulated housing. It does not narrow the city's independent ability to impose and enforce conditions on the receipt of J-51 tax benefits."

If these proposals are enacted, the real-estate industry would likely challenge them in the courts. If that happens, either the laws will stand, or the courts will in effect be saying to New York City, "Sorry, you are not allowed to enact measures you think are a necessary and proper response to your housing crisis, because your hands are tied."

## Vienna's subsidized apts: model for the U.S.A.?

In the city of Vienna, low-, moderate- and middle-income residents have access to the type of beautiful, roomy apartments that in New York City and most of the rest of the United States are now off-limits to all but the wealthy (or to those who share space with three or four roommates).

How does Vienna do it? Largely through a system of city-ownership of a great deal of land, and through a decades-long view that decent, affordable shelter is a human right, not a privilege as in the U.S. To read more, see <http://www.governing.com/topics/economic-dev/gov-affordable-luxurious-housing-in-vienna.html>

## Urge tax credit for tenants to match credit for owners

Tenants should be given a tax break on the rent they pay, just as homeowners get a tax break on their mortgage payments, according to a recommendation from the Center on Budget Policies and Priorities, a research organization addressing issues affecting lower income families.

The study notes that Congress has proposed replacing the mortgage interest deduction with a tax credit. Noting that such a credit “would increase [government] revenues and reach a broader share of low- and middle-income homeowners,” the study recommended extending such a credit to tenants.

“Families assisted with credits would pay no more than 30 percent of their income for rent (unless the rent exceeds a cap based on typical rents in the local market, in which case the family would pay the remainder). States could award families credit certificates that would enable them to use the credit to help rent a modest unit of the family’s choice.”

Such a policy could also benefit owners, the study concludes. “[S]tates could also enter into agreements allocating credits to particular owners or banks, which would use the credits to assist eligible families. The owner of the rental unit would claim a federal tax credit based on the rent reduction it provides, or could pass the credit through to the bank holding the mortgage on the property in return for a reduction in mortgage payments.”

### No kidding: ‘affordable’ housing in NYC is often unaffordable

In a research finding that should surprise absolutely nobody who keeps abreast of housing in our city, a new report concluded that much of what is referred to as “affordable” housing is notably beyond what intended tenants and residents can, in fact, afford.

A new study by ANHD found that prospective occupants for much newly built affordable housing often have

The study’s authors say that a tenant tax credit “would complement the existing Low-Income Housing Tax Credit (which subsidizes development of affordable housing but is rarely sufficient on its own to push rents down to levels poor families can pay), and rental assistance programs such as Section 8 vouchers (which are highly effective but meet only a modest share of the need).”

According to the study, states could also use the credits to enable low-income elderly people or people with disabilities to live in service-enriched developments rather than in nursing homes or other institutions;

Provide stable housing near high-performing schools for families with school-age children;

Help families participating in state TANF [Temporary Assistance for Needy Families] or other employment-promoting programs for whom lack of stable affordable housing is a barrier to work;

Provide supportive housing to families at risk of having their children placed in foster care; or

And substantially reduce homelessness among veterans and other groups in the state.

The authors argue that these initiatives would also generate savings in health care, child welfare, and other systems.

A summary of the study is available at <http://www.cbpp.org/cms/index.cfm?fa=view&id=3802>

incomes well below that of the median income in areas where the housing is located.

In the Highbridge section of the Bronx, for example, median income is \$26,140. But “affordable” units require tenants to earn between around \$30,000 and \$54,000 to qualify for a studio, and around \$38,000 and \$61,000 for a one-bedroom.

## ‘First Look’ program persuades banks to aid Bronx groups in preservation

Efforts by various tenant and community groups to persuade some banks to give them a “first look” at acquiring and renovating distressed but structurally sound housing--advancing mortgage and renovation loans to them rather than to private landlords--paid off recently in the Bronx.

On College Avenue, the Banana Kelly Community Improvement Association, with backing from the New York Community Bank, Wavecrest (a for-profit management firm) and FCE College, a financial company, acquired three 1920s-era buildings containing 63

apartments. The City’s HPD also cooperated in the project by advancing some funds.

Under the new community owners, improvements have already begun, including the delivery of heating fuel, removal of mounds of garbage, and extermination of rats and roaches.

The First Look program is an initiative of the the Association for Neighborhood and Housing Development, an organization representing community, tenant and merchant improvement groups throughout the city.

### Eviction looms for HA family guilty of understating income

A Housing Authority tenant with three children, two of whom are disabled, may be evicted from her apartment for understating her income, thereby paying less rent than she should have for six years.

The State Court of Appeals ruled, 5 to 0, in February that evicting the family was not an excessive punishment for the

defrauding. That ruling overturned an Appellate Division ruling that eviction was so disproportionate to the offense as to “shock the judicial conscience.” The woman had agreed to pay back most of the money she owed, but the Appeals Court held that restitution without eviction “may not serve adequately to discourage this illegal practice.”

## MLRC Developments

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

Donations above the membership dues are welcome.

### These developments are members of the Mitchell-Lama Residents Coalition

Bethune Towers	Parkside Development
Castleton Park	Pratt Towers
Central Park Gardens	Promenade Apartments
Clayton Apartments	RNA House
Coalition to Save Affordable Housing of Co-op City	Riverbend Housing
Concourse Village	River Terrace
Dennis Lane Apartments	River View Towers
1199 Housing	Ryerson Towers
Esplanade Gardens	Concerned Tenants of Sea Park East
Independence Plaza North	Starrett City Tenants Association
Jefferson Towers	St. James Towers
Lincoln Amsterdam House	Strykers Bay Co-op
Lindville Housing	Tivoli Towers
Manhattan Plaza	Tower West
Masaryk Towers Tenant Association	Village East Towers
Meadow Manor	Washington Park SE Apartments
Michangelo Apartments	Washington Square SE Apartments
109th St. Senior Citizen Plaza	West View Neighbors Association
158th St. & Riverside Dr. Housing Co	West Village Houses
	Woodstock Terrace Mutual Housing

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.



# Affordable rental housing: meeting a desperate need

The following is reprinted from "Housing America's Future: New Directions for National Policy," a newly issued report from the Bipartisan Policy Center's Housing Commission

The nation's 41 million renter households account for 35 percent of the U.S. population. In the coming decade, the number of renters is likely to grow significantly as members of the Echo Boom generation form their own households for the first time and as members of the Baby Boom generation downsize from their current homes. Growing pressure for rental housing may push rents further out of reach for the low-income households that are least able to afford it.

Our nation's housing system should aim to minimize the trade-offs these households often face when seeking affordable housing—in terms of neighborhood quality, access to good jobs and high-performing schools, and spending on other essentials like health care and nutritious food.

## Federal assistance falls far short of what's needed

Nationally, a majority of extremely low-income renter households spend more than half of their incomes on housing. For the most part, renters live in housing that meets basic quality standards. However, nearly half of renters at all income levels report paying more than 30 percent of their income for rent—the federal standard for housing affordability. Among extremely low-income renters (those with incomes at or below 30 percent of area median income), the situation is far worse. Nearly 80 percent of these lowest-income households report spending more than 30 percent of their income for rent, and nearly two-thirds spend 50 percent or more.

There are far more extremely low-income renters than available units they can afford. Federal housing assistance meets only a fraction of the need. Federal assistance programs currently help approximately five million low-income households afford housing. However, only about one in four renter households eligible for assistance actually receives it. Because demand so far outstrips supply, these scarce rental subsidies are often allocated through lengthy waiting lists and by lotteries.

## Responding to the crisis

The commission recommends that our nation transition to a system in which our most vulnerable households, those with extremely low incomes (at or below 30 percent of area median income) are assured access to housing assistance if they need it. Assistance should be delivered through a reformed Housing Choice Voucher program that, over time, limits eligibility to only the

most vulnerable families.

The commission recommends increasing the supply of suitable, affordable, and decent homes to help meet both current and projected demand. To achieve this goal, the commission recommends:

- *Expansion of the Low Income Housing Tax Credit (LIHTC) by 50 percent over current funding levels and the provision of additional federal funding to help close the gap that often exists between the costs of producing or preserving LIHTC properties and the equity and debt that can be raised to support them.*

- *Additional federal funding beyond current levels to address the capital backlog and ongoing accrual needs in public housing to preserve the value of prior investments and improve housing quality for residents.*

The commission recommends federal funding to minimize harmful housing instability by providing short-term emergency assistance for low-income renters (those with incomes between 30 and 80 percent of area median income) who suffer temporary setbacks. This assistance, delivered as a restricted supplement to the HOME Investment Partnerships program, could be used to help cover payment of security deposits, back rent, and other housing-related costs to improve residential stability and prevent homelessness.

These recommendations, if fully implemented, would help to meet the needs of an additional five million vulnerable renter households and contribute to the elimination of homelessness—through production, preservation, and rental assistance.

## Performance-based system

The commission recommends a new performance-based system for delivering federal rental assistance that focuses on outcomes for participating households, while offering high-performing providers greater flexibility to depart from program rules. The commission proposes a new performance-based system that will evaluate housing providers' success in five key programmatic areas: (1) improving housing quality; (2) increasing the efficiency with which housing assistance is delivered; (3) enabling the elderly and persons with disabilities to lead independent lives; (4) promoting economic self-sufficiency for households capable of work; and (5) promoting the de-concentration of poverty and access to neighborhoods of opportunity.

Providers that achieve a high level of

performance across these five areas should be rewarded with increased flexibility to depart from standard program rules, while substandard providers should be replaced. The federal government spends tens of billions of dollars annually to support the nation's valuable infrastructure of publicly and privately owned rental housing. Neither landlords nor program operators who fail to provide tenants with homes and services of reasonable quality should benefit from this investment.

## Funding the solutions

In light of today's difficult fiscal environment, the commission recognizes that a transition period will be necessary before these recommendations can be fully implemented. The commission therefore recommends that its approach for meeting the needs of the nation's most vulnerable households be phased in over time.

The commission supports the continuation of tax incentives for homeownership, but as part of the ongoing debate over tax reform and budget priorities, the commission also recommends consideration of modifications to these incentives to allow for increased support for affordable rental housing. The commission is aware of the difficult issues that will need to be addressed in the coming years to balance federal budget priorities. The federal government currently provides substantial resources in support of housing, the majority of which is in the form of tax subsidies for homeownership.

The commission supports the continuation of tax incentives for homeownership—recognizing the importance of this tax policy to homeowners in the United States today. The commission notes that various tax benefits provided to homeowners, including the mortgage interest deduction, have been modified over the years. In the ongoing debate over tax reform and budget priorities, all revenue options must be evaluated.

In that context, the commission recommends consideration of further modifications to federal tax incentives for homeownership to allow for an increase in the level of support provided to affordable rental housing. Any changes should be made with careful attention to their effects on home prices and should be phased in to minimize any potential disruption to the housing market. A portion of any revenue generated from changes in tax subsidies for homeownership should be devoted to expanding support for rental housing programs for low-income populations in need of affordable housing.

## Gateway Elton housing keeps costs down through 'green' technology

Tenants who moved in January into Gateway Elton, a new 197-unit development geared towards lower-income residents in Brooklyn's East New York, are benefitting from the structure's use of "green" technology, which keeps costs down. This includes solar panels on the roof, VOC-free paint [paint that contains no volatile organic compounds, some of which are toxic] for the apartments, and no off-gassing vinyl during construction.

All appliances are energy-star and LEED Silver [Leadership in Energy and Environmental Design, a voluntary program that provides third-party verification of green buildings], and toilets are low-flush, which saves immeasurable amounts of water.

Tenants's income must be below 60 percent of the area's median income, or \$46,080 for a family of four. Rent is calculated as a fixed percentage of their income.

The solar panels will supply two-thirds of the electricity used in the building's common areas. The owners expect a full payback for the system in about six years. Since the system itself should last for at least 25 years, this amounts to a tremendous financial benefit for the owners.

Developers of the project include the privately held Hudson Companies and CAMBA, a nonprofit organization offering a variety of services in economic development, education, youth and family support, HIV/AIDS, housing and legal assistance.

The development's solar array was built with support from the NYS Energy Research and Development Authority, which also helped underwrite the building's energy-efficiency measures. The state was also involved through participation in the Sun Initiative, a public-private partnership geared towards reducing the costs of solar technology.

## Bill would allow President more wiggle room on sequestration cuts

A bill introduced into the U.S. Senate, S.16, on February 27 would allow the President some leeway in administering the automatic spending reductions (also known as sequestration) that took effect on March 1st. (See story page 1.)

According to the Congressional Budget Office, the bill would require the President to cut the same total amount in budgetary resources this year as currently required by law (\$85.3 billion)—but instead of applying across-the-board cuts to all nonexempt programs, S. 16 would allow him to decide how to allocate those cuts, subject to certain limitations specified in the bill. (For example, no more than half of the reductions could come from defense spending.)

In addition, the Secretary of Defense would be given some authority to transfer amounts appropriated for 2013 for the Department of Defense from some accounts to others.

The President would have until March 15 to report to the Congress on his plan for the reductions in spending. The Congress would then have the opportunity to vote on a resolution of disapproval of the President's plan. If such a resolution is enacted or if the President does not submit a plan, the sequestration as provided in

current law would remain in effect.

Providing such flexibility in administering the automatic spending reductions would introduce some additional uncertainty about the ultimate amount of savings that would be generated. Some reductions in budget authority would result in immediate outlay savings, but some would result in savings over a long period of time and others might result in no savings at all (because some funds are never spent).

CBO has no basis for predicting in detail how the President would implement this new authority. The President's plan could reduce outlays by more or less than would occur under the across-the-board cuts currently scheduled to take place.

However, with the opportunity to focus such cuts on lower-priority programs or on programs for which the consequences of the budget reductions would be less immediate, the Congressional Budget Office anticipates that the President might well apply more of the reductions to budget authority that would have remained unspent over the next 10 years in any event, thereby generating marginally lower outlay savings than would occur under current law.

## Questions and answers on Mitchell-Lama

Tenants and cooperators are welcome to submit questions to: [information@mitchell-lama.org](mailto:information@mitchell-lama.org)

**Q**: What services are available to Mitchell-Lama property owners and cooperators to encourage them to remain in the program?

**A**: Two services are available:

**1) Mortgage Restructuring Program.** Owners and cooperative corporations can restructure their existing Housing Development Corporation first and second mortgages. By refinancing, they save through reduced debt service payments and/or retain funds to repair their property. In addition, no interest is charged on the project's second mortgage, and that mortgage will not be due and payable until prepayment or 90 days after the termination of the first mortgage.

The financing is at reduced rates and for longer periods of time, so that the developments can maintain level debt service obligations over the next 30 years below the current debt service.

Owners in the program must remain in Mitchell-Lama for an additional 15 years. Past accrued interest is deferred and becomes payable as a balloon payment at the end of the restructured mortgage term. HPD will replace HUD as the lead supervisory agency.

**2) Repair Loan Program.** HDC offers owners a repair loan program for preserving the aging Mitchell-Lama housing stock for necessary capital improvements on buildings in need of repair.

The minimum loan is \$100,000; the maximum is \$10,000,000. Owners who avail themselves of this funding must remain in the Mitchell-Lama program for an additional 10 years.

**Q**: Do I have to report changes to my household composition?

**A**: Yes. M-L Leases require that you promptly advise management office of any additions to or deletions from your household. HCR requires that the notification be made in writing within 90 days after the change takes place.



# MLRC 2013 policy agenda: stabilization for former ML developments, rent protections, curtailing privatization

The Mitchell-Lama Residents Coalition supports the following:

## Protecting former Mitchell-Lama & project-based Section 8 tenants:

S1169 (Stewart-Cousins)/ A1128 (Rosenthal).<sup>\*</sup> This bill would bring all former Mitchell-Lama and project-based Section 8 buildings into rent stabilization, and make rent stabilization the default position for any future transitions out of these programs. The bill also prevents landlords from obtaining special rent increases based on so-called “unique or peculiar circumstances.” The bill is especially important to tenants in buildings constructed after 1973 that have already left their affordability programs and have not become rent regulated. In these cases, the bill should also specify that it applies retroactively to the date of each building’s exit from the affordability program.

## Strengthening the rent stabilization and co-op laws.

**Repealing high rent vacancy destabilization.** S1167 (Stewart-Cousins)/ A1585 (Rosenthal). This bill would repeal vacancy decontrol, the process by which, upon vacancy, landlords can remove apartments from rent regulation when rents rise over \$2,500. The bill also re-regulates most of the apartments that were deregulated in the last 15 years.

**Excluding Social Security from SCRIE eligibility:** S1930 (Addabbo)/ A8608-2011 (Titone- to be reintroduced). This bill would allow the city to exclude Social Security payment and supplemental security income from the definition of “income” when determining eligibility for the Senior Citizen Rent Increase Exemption (SCRIE) program. (MLRC supports an amendment to make the same change to the DRIE program.)

**Preventing the privatization of Mitchell-Lama Co-ops until their eligibility for municipal tax exemptions have expired.** This expiration will occur fifty years from now.

**Prohibiting the use of New York City or New York State pension funds for the financing of Mitchell-Lama buy-outs.**

## HCR’s timely compliance with the Rent Act of 2011.

We support the campaign to ensure that New York State Homes and Community Renewal (HCR) complies, in a timely fashion, with the requirement outlined in the Rent Act of 2011 that the agency promulgate rules and regulations regarding the enforcement of the rent laws. We have made a number of recommendations regarding the content of the new rules and regulations.

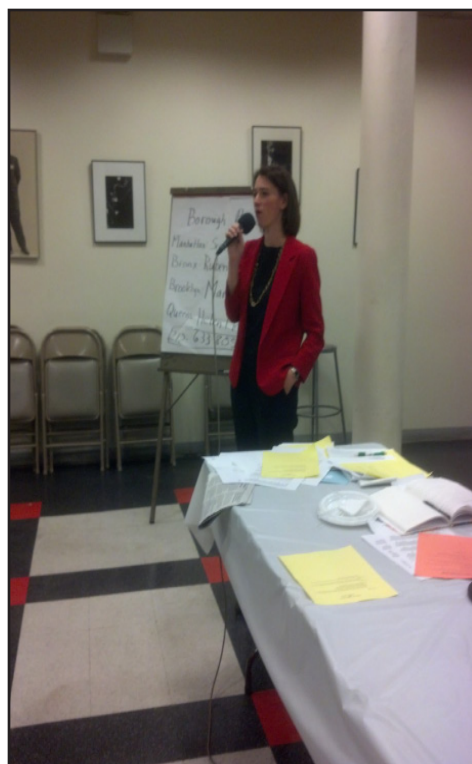
**End source-of-income discrimination:** S187 (Squadron)/ A2095 (Espinal) would end source of income discrimination, making it illegal for landlords to deny tenancy to people who pay their rent using Section 8 vouchers or any other forms of rental assistance.

<sup>\*</sup> Some bill numbers will be revised after their reintroduction in 2013.

## Hoylman, Lappin address MLRC on rent protections, discrimination



Photos by Katy Bordonaro



Newly-elected NYS State Senator Brad Hoylman informed the MLRC at its January meeting that he has already signed on as a co-sponsor of S1169, which insures that all M-L rentals that leave the program become rent stabilized, despite their date of construction. He is also seeking to modify the law that would require co-op boards

State Senator Brad Hoylman and City Councilmember Jessica Lappin addressing MLRC members at January 2013 general meeting.

to be more open with their shareholders; calls for a publication reporting actions of the HCR Commissioner and the two legislative Housing Committees; and supports a bill mandating that an apartment leased to a tenant with an enhanced voucher should retain the enhanced voucher upon the decease of the original tenant.

City Councilmember Jessica Lappin also spoke at the meeting. She has called for legislation to protect tenants from discrimination and harassment.

## NYCHA floats plan to build luxury housing on public spaces it owns

The New York City Housing Authority is proposing to build nearly 4,000 apartments in 16 new buildings on NYCHA-owned land in Manhattan, such as playgrounds, parking lots and community centers. Eighty percent of the four thousand new apartments will be at luxury market rates, and the remainder will be set aside as “affordable” units. The land would be leased to private

developers for 99 years. Resulting revenues would help NYCHA close its budget gap, but lease payments will be frozen for the first 35 years.

Some NYCHA tenant groups have opposed the plan, saying it would deprive them of much-needed community space. Also, several political officials, including City Council members Margaret Chin and

Rosie Mendez, U.S. Rep. Carolyn Maloney, State Assembly Speaker Sheldon Silver, Assemblyman Brian Kavanagh and State Senator Daniel Squadron, have asked NYCHA hold off on the project until it creates “a process to collect feedback from the relevant community boards, tenant leaders, and elected officials.”

## Massive affordable housing project begins in Long Island City

Construction of a massive residential and commercial project, to include parkland and educational facilities, began in February on thirty acres in Long Island City's Hunters Point South. A significant portion of the housing will be available to low-, moderate- and middle-income households.

According to the NYC Economic Development Corporation, the project will contain up to 5,000 housing units, at least 60 percent of which are expected to be affordable to middle income families. In the first phase of construction, slated for completion in 2014, all the units will be allotted to low-income families.

The household income range to qualify for an apartment is \$32,200 to \$190,900.

Examples of who can apply for what type of apartment project include a one-person household earning \$36,800, which

would qualify for a studio; a two-person household earning \$46,000 which would qualify for a one-bedroom unit; and a three-person household earning \$55,300 which would qualify for a two-bedroom unit.

The first phase of the construction, by Phipps Houses, Related Companies, and Monadnock Construction, includes two 30-plus story mixed-use buildings of more than nine hundred housing units and roughly twenty thousand square feet of new retail space.

Public amenities will include eleven acres of parkland, a new public school, and parking space. On its website, the EDC said the project envisions "pedestrian and bicycle friendly streetscapes."

In seeking proposals for the second phase of construction, according to media reports, the City will emphasize storm mitigation measures.

## Ruling against Voting Rights Act could harm NYC's minority voters

If the landmark Voting Rights Act of 1965, one of the most important legislative victories of the civil rights movement, is shorn of a key provision, communities of color and people who are not fluent in English in New York City may well be disenfranchised.

This is the view of various city officials and commentators across the nation who are warning that if the conservative-dominated Supreme Court were to overturn Section 5--which requires various communities to secure U.S. Justice Department approval for redistricting plans--the residents "of these communities could be subject to discriminatory voting practices, such as race-based gerrymandering, without the protection of Department of Justice or federal court preclearance," according to Hakeem Jeffries, U.S. Representative for the 8th District of New York (parts of Brooklyn and Queens).

If the provision is eliminated, voters would have no recourse but to engage in expensive lawsuits, and even those suits would be without federal guidelines.

Mayor Michael Bloomberg and City Council Speaker Christine Quinn filed an amicus brief in support of Section 5. In it, they noted that NYC has secured Justice Department preclearance more than 2,000 times over the last 41 years. Three counties in the city--Manhattan, Brooklyn and the Bronx--are subject to the Act.

Beyond protecting voters on the basis of color and ethnicity, the Act guarantees ballot access to groups comprising more than 10,000 potential voters with sub-literacy lev-

els.

In March, Supreme Court Justice Antonin Scalia, a member of the Court's hard right wing, publicly stated that Congress' continued overwhelming support for the Act was nothing more than a "perpetuation of racial entitlement." In effect, that receiving protection of the right to vote was akin to receiving special treatment denied to others.

The comment provoked widespread derision and anger from numerous observers, many of whom fear that redistricting without U.S. oversight would result in electoral districts undermining the minority vote. In New York, City Councilwoman Letitia James of Brooklyn said "It's critically important that districts be apportioned to ensure minority representation in government," she said. "Period."

Over the years, various groups here have argued for better representation in government. One example was the effort to secure a new Latino-majority Congressional district that would have included parts of Manhattan, the Bronx and Queens. Also in Queens, residents sought the creation of an Asian-majority city council district. Advocates cited the Act as key to their efforts.

Opponents of the Act, specifically of Section 5, argue that it is no longer relevant since racism has been all but eliminated in the United States, at least as regards voting. To this argument, Rep. Jeffries said "Jim Crow may be dead, but he has still got some nieces and nephews who are alive and well."

## Homeless in NYC: shelters house 50,000 a night

Wall Street profits aren't the only thing to soar to heights unprecedented in recent years. Also bursting a ceiling is New York City's homeless population, which consists of an average of 50,000 people sleeping in our homeless shelter each night. That doesn't include those who make their beds on the sidewalks.

The news of soaring profits was brought to us by the New York Times. Surprisingly, that of the soaring homeless by the Wall Street Journal--a newspaper with editorial sympathies more in line with hedge funds and investment houses than with those at the bottom.

"Families have become a larger share of the nation's homeless population, growing 1.4% from 2011 to 2012, after their numbers fell as the economy emerged from recession," the Journal reported in a recent edition.

The homeless crisis is even more disastrous today, because it coincides with the termination of any additional Section 8 housing choice vouchers because of sequestration. (*See page 1.*)

According to the Coalition for the Homeless, whose research formed the basis of the WSJ article, the homeless population grew sixty-one percent since Mayor Bloomberg took office.

"This is a tragedy of City Hall's own making," said Mary Brosnahan, the Coalition's president. "Had Mayor Bloomberg simply followed the strategy of previous mayors of both parties and prioritized moving the homeless into permanent affordable housing, there would be thousands fewer families and children in our shelter system today."

The Coalition's figures, incidentally, do not include thousands of families made homeless by Hurricane Sandy. Nor do they include people living in shelters for domestic violence survivors and runaway and homeless youth.

The Coalition recommends the following policies to deal with the problem:

¶ Allowing the homeless to once again access Federal and City housing resources including NYCHA and Section 8.

¶ The creation of an effective State-City rental assistance program to replace Advantage

¶ A renewed "New York-New York" affordable housing construction program that would include new permanent supportive housing for homeless people living with mental illness.