MITCHELL-LAMA RESIDENTS COALITION

Vol. 18, Issue 4
December 2013

WEBSITE: www.mitchell-lama.org

Alicia Glen, formerly at Goldman Sachs, to head housing & development efforts

Can a former banker, especially one who worked at Goldman Sachs, help generate affordable housing for New York City?

Mayor Bill de Blasio thinks so, which is why he appointed Alicia Glen, who for over a decade -lead the giant bank's Urban Investment Group--and who also served as assistant commissioner for housing finance at HPD--as deputy mayor for housing and urban development.

In a press release, Ms. Glen said the new administration's goals included building "a new generation of affordable housing and help[ing] New Yorkers secure good-paying jobs that can support a family. . . ."

"We can't remain the greatest city in the world when half of New Yorkers are living in or near poverty," she said in a statement.

De Blasio reportedly plans to create 200,000 units over ten years, in part by requiring developers to include affordable apartments when building residential projects in rezoned areas. He also wants to use one billion dollars from the city's pension funds to preserve 11,000 units, and to raise taxes on vacant property.

In her work at the bank, Ms. Glen directed more than $2.8 billion to projects in low-income areas. She has been praised by both tenant advocates and housing developers.

Nearly 1,000 affordable units slated for Melrose section in Bronx

Five new buildings containing 985 units of affordable housing are on the drawing board for the Melrose section of the Bronx.

The complex will also include a wide variety of amenities, such as a new YMCA and a recording studio.

Residents eligible for the units must earn between thirty and one hundred percent of the area's median income.

The development is expected to cost around $345 million.

HPD seeks to change M-L succession rules

Proposed changes to succession rights in Mitchell-Lama buildings would alter the ability of various categories of relatives to assume the apartments of the current residents, regardless of how long the relatives have lived there in most cases.

Among other changes, the new rules, if adopted, would eliminate "succession rights for nephews, nieces, aunts and uncles," and succession in other cases will only be authorized "where the tenant/cooperator of record has either died or been relocated to a long term care facility."

Further, regarding spouses and children who are at least 18 years old, succession will only be allowed if the spouse's or children's names "appeared on the applicant's initial application." The City's Housing Preservation and Development agency released the proposed changes prior to a hearing it held on November 6.

Under current rules, succession is granted to residents who can demonstrate either a financial or emotional interdependence with the applicant of record, so long as they have lived there for the past two years. This applies as well to spouses or partners in same-sex relationships.

According to HPD, current succession rules have allowed some people to sign leases, live elsewhere, and then hand the apartments

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Join today (use form on page 2)

GENERAL MEMBERSHIP MEETING
SATURDAY, January 25, 2014

Time: 10:00 a.m. – 12:00 p.m.

Members are urged to voice concerns regarding their developments

(Refreshments at 10:00 a.m.)

CONTACT: Information@mitchell-lama.org
PLACE: Musicians Union Local 802
322 West 48th Street (near 8th Avenue) Ground Floor, "Club Room"
TRAINS: No. 1, train to 50th St. and 7th Ave.; Q, W trains to 49th St. and Broadway; E train to 50th St. and 8th Ave.

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

Promenade to exit M-L; owner promises to keep rents affordable under NYC contract

The Promenade, a Mitchell Lama rental in the Marble Hill area of the Bronx, was purchased in October by the Nelson Management Group, Ltd., which plans to remove the structure from the program within the next few months.

The company plans to maintain the 318-unit development, constructed in 1972, as affordable housing for current residents through a four-decade agreement with the city's Department of Housing Preservation and Development (HPD).

On its website, Nelson claims to be "particularly adept in the ownership/management of Rent Stabilized, Section 8 and Mitchell Lama properties." It currently owns or manages twenty-two housing developments, containing a total of more than seventy-three hundred units.

The previous owners have reportedly claimed that it was unable to secure financing necessary to maintain the building. As a result, residents often complained about ineffective maintenance.

Nelson purchased the Promenade after creating a housing development fund company, which is eligible to receive funding and other assistance from the state's Housing Trust Fund Organization. The primary function of the HTFC is "to create decent affordable housing for persons of low-income by providing loans and grants for the rehabilitation of existing housing or the construction of new housing under the Low-Income Housing Trust Fund Program," according to its website.

Under the deal with HPD, Nelson will pay no property taxes, although it may have to pay a three percent tax on whatever income it receives from the tenants (both residential and commercial). In addition, it will avail itself of the the J-51 program, a separate NYC tax abatement program, after it agrees to improve the building's decks.

The new owner has already begun the process of elevator replacement, which may take at least a half year to complete.

Heritage tenants face rent hikes as LAP ends

Long-time tenants at the Heritage, a former Mitchell-Lama development once known as Schomburg Plaza, are facing imminent market-rate rent hikes as their one protection--the Landlord Assistance Program--comes to an end. LAP is a program offered by landlords to tenants, but is not regulated by any government agency.

Local media reports indicated that the owner, Urban American Management, which purchased the 600-unit building at 1295 Fifth Avenue in East Harlem in 2007, has given tenants only thirty days to either pay market rents or vacate.

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MLRC fights for you and your right to affordable housing!

UPCOMING EVENTS

GENERAL MEMBERSHIP

Saturday, January 25, 2014

10:00 a.m. - Noon

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

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Musicians Union, 322 West 48th Street, between 8th and 9th Avenues

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

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Affordability crisis grows for tenants across nation

Edited and reprinted with permission from "America's Rental Housing: Evolving Market and Needs," 2013, Harvard Joint Center for Housing Studies, www.jchs.harvard.edu

Against the backdrop of the rental market recovery, declining renter incomes continue to add to long-standing affordability pressures. Already up sharply before the recession began, the share of cost-burdened renters took a turn for the worse after 2007. As a result, the share of renters paying more than thirty percent of income for housing, the traditional measure of affordability, rose twelve percentage points over the decade, reaching fifty percent in 2010.

Much of the increase was among renters facing severe burdens (paying more than half of income for rent), boosting their share nearly eight percentage points to twenty-seven percent. These levels were unimaginable just a decade ago, when the fact that the severely cost burdened share was nearly twenty percent was already cause for serious concern.

More than 20 million tenants burdened

In 2011, the last year for which detailed information is available, both the overall share of renters with cost burdens and the share with severe burdens moved up by about half a percentage point. These increases expanded the ranks of cost burdened renters to 20.6 million, including 11.3 million that pay more than half their incomes for housing.

Initial estimates for 2012 indicate the number of cost-burdened households again increased to a record 21.1 million. Although the share of cost-burdened renters receded slightly, this modest improvement occurred only because the number of higher income renters rose sharply.

Housing cost burdens are nearly ubiquitous among lowest income renters. An astounding 83 percent of renters with incomes of less than $15,000 were housing cost burdened in 2011, including a dismal seventy-one percent with severe burdens. But the largest increases in shares in 2001–11 were for moderate income renters, up eleven percentage points among those with incomes of $30,000–44,999 and nine percentage points among those with incomes of $45,000–74,999.

Unemployment not main culprit

Rising unemployment clearly contributed to deteriorating affordability. But high unemployment rates are not the main culprit because the spread of burdens has been even greater among households with full-time workers. The cost-burdened share of renters who worked throughout the preceding year rose by nearly 10 percentage points between 2001 and 2011, boosting their numbers by more than 2.5 million over the decade. For families and individuals unable to find affordable housing, the consequences are dire. Among households with less than $15,000 a year in expenditures (a proxy for low income), severe cost burdens mean paying about $500 more for housing than their counterparts living in units they can afford.

Tenants cut back on food

With little else in their already tight budgets to cut, these renters spend about $130 less on food—a reduction of nearly forty percent relative to those without burdens. Severely burdened households with expenditures between $15,000–30,000 (one to two times full-time federal minimum wage work) cut back on food by a similar amount. Housing affordability is thus clearly linked to the problem of hunger in America. Both lower-income groups with severe housing cost burdens also spend significantly less on health care and retirement savings, with direct implications for their current and future well-being. But even those lower-income households that manage to secure affordable housing face difficult tradeoffs, often living in inadequate conditions or spending more on transportation.

The limited growth in rental housing assistance reflects a range of challenges facing the programs delivering support. While funding for Housing Choice Vouchers—the main vehicle for expanded assistance—increased over the past decade, rising rents and falling incomes combined to raise the per tenant costs of aid, limiting the program's ability to reach more households.

Public housing, the nation's oldest assisted units, requires an estimated $26 billion in capital investments that remain unfunded. Many privately owned subsidized developments were also built more than 30 years ago and are now at risk of loss from the assisted stock due to aging and/or expiration of contracts. Mandatory funding cuts under federal budget sequestration have added to these pressures and could lead to a reduction of 125,000 vouchers this year.

So far, the Low Income Housing Tax Credit (LIHTC) program has been spared from sequestration because it operates through the tax code and therefore does not require annual appropriations. By itself, however, the LIHTC does not provide deep enough subsidies to make units affordable for extremely low-income tenants, so it is often combined with other forms of assistance.

With Fannie Mae, Freddie Mac, and term, fixed-rate multifamily rental loans, impending reform of the housing finance system will also have profound implications for the cost and availability of multifamily credit.

Although some have called for winding down Fannie's and Freddie's multifamily activities and putting an end to federal backstops beyond FHA, most propose replacing the implicit guarantees of Fannie Mae and Freddie Mac with explicit guarantees for which the federal government would charge a fee.

Federal role critical

Proposals for a federal backstop differ, however, in whether they require a cap on the average per unit loan size or include an affordability requirement to ensure that credit is available to multifamily properties with lower rents or subsidies. While the details are clearly significant, what is most important is that reform efforts do not lose sight of the critical federal role in ensuring the availability of multifamily financing to help maintain rental affordability, as well as in supporting the market more broadly during economic downturns.

Meanwhile, many organizations are calling for finally funding the National Housing Trust Fund, which was created in 2008 to support production of housing affordable to households with extremely low incomes. The question now is whether Congress will recognize the vital importance of this assistance to millions of Americans and take action on these promising new directions.

Met Council offers new tenant rights program on cable TV

Metropolitan Council on Housing, a tenant advocacy group, launched its new weekly TV program, "Tenant Action Today," January 8 on community access cable.

The program will be telecast live every Wednesday from 6:00 to 7:00 p.m. on Manhattan Neighborhood Network. It will consist of news reports on the tenant movement, how-to segments on tenants' rights, and a hot line, where viewers can call in for advice and information.

It can also be seen at www.mnn.org, by clicking on "Community Channel 1, Watch Now" at the bottom of the home page.

Manhattan viewers can watch on Channel 34 (Time Warner), Channel 82 (RCN) or Channel 33 (FIOS). It will eventually appear in all five boroughs. At present, non-Manhattan viewers can watch on the MNN web site from anywhere in the world, at 6:00 pm New York City time.

Producer of "Tenant Action Today" is Michael McKee, Met Council board member and treasurer of Tenants Political Action Committee. McKee will share hosting duties on a rotating basis with Jaron Benjamin, Met Council executive director, and attorney Tim Collins of Collins, Dobkin & Miller.

After long battle, Hip hop house, a former Bronx M-L, keeps units affordable

Residents of the world famous "birthplace of hip hop," or 1520 Sedgewick Avenue in the Bronx, will remain in their apartments at affordable rents after defeating speculative landlords and working with groups of tenant advocates and affordable housing developers.

The building, a former Mitchell-Lama development, was originally owned by BSR Managment. In 2008--the start of the Great Recession and national housing bust--BSR sought to leave M-L, and attempted to sell the building to a group of private equity investors. Among them was Mark Karasik, an investor well-known nationally for his mega-million dollar investments throughout the country.

A sales contract between the two real estate entities was signed , but the city's Housing Preservation and Development agency attempted to block the sale, but failed.

Tenants then organized in an effort to purchase the building and turn it into a limited equity co-op. They received support from Workforce Housing Associates, the Urban Homesteading Assistance Board, and Tenants and Neighbors. But although the investors were willing to sell, Karasik and his associates' asking price was astronomical. Notwithstanding their own enormous wealth, the investors themselves found it increasingly difficult to access financing, which led them to shun needed repairs. Eventually, they missed mortgage payments, not untypical in light of the worsening state of the economy at the time.

In June of 2012, Workforce Housing Associates bought the building's mortgage for $6.2 million, with assistance from a new City program that sought to sustain viable neighborhoods, and additional financial help from the City Council. By September 27 of this year, renovations were completed.

At a celebration of the tenants' victory, Kerri White of UHAB said, "The tenants of 1520 Sedgwick began organizing to prevent a speculative real estate deal that threatened building conditions and the affordability of their homes. When that campaign was lost, the tenants refused to be harassed or to settle for neglectful maintenance, choosing rather to keep fighting for their community."

The building secured its reputation as the birthplace of hip hop when one of its original tenants, who called himself DJ Kool Herc, held parties in the recreation room back in 1973, where he developed the rapping style that eventually spread throughout the globe.

Tax credits for tenants proposed by Gov. Cuomo

Tenants throughout New York State are slated to receive a tax break on their rents under Gov. Andrew Cuomo's new tax reduction plan. Tenants with incomes of less than $100,000, would be eligible; that amount would increase for those with children or other dependents.

The relief would take the form of a refundable personal income tax credit.

The proposal to offer the credit to tenants was widely seen as a political move by the governor to win support for his property tax credit plan, which would largely benefit landlords and other homeowners. Also under the plan, the corporate tax rate would drop to 6.5%, from 7.1%. And the threshold for the estate tax would rise to $5.25 million. Finally, the top estate-tax rate would drop to 10% for four years.

Some have questioned whether the tax reduction plan would stymie NYC Mayor De Blasio's efforts to increase taxes on the wealthy, which he wants in order to provide pre-K schooling for all NYC children.

Family size no longer barrier to M-L for mid-income earners

Regardless of family size, households with an income of more than one hundred percent but less than 125 percent of the area median will now be allowed to gain access to remaining Mitchell-Lama developments.

A new law, which went into effect in mid-November, eliminates the old stipulation in which access had been restricted to those middle-income families who had two or more dependents.

Sponsored by State Senator Daniel Squadron and Assembly Speaker Sheldon Silver, the new law still requires such families to pay a surcharge.

Among the M-L developments affected by the new law in New York City is Southbridge Towers, a 1,651-unit co-op at 90 Beekman Street in lower Manhattan near the Seaport. It was built in 1969.

Like many M-L developments, Southbridge has a history of internal disputes centering on plans to take it private--favored by those residents who want to sell their apartments in a super-hot real estate market--and those who want to keep the units affordable for the general public.

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

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.

Three ways to improve the nation's Low Income Housing Tax Credit program

By Barbara Sard
Vice president for housing policy, Center on Budget and Policy Priorities.

2013 marked the 27th anniversary of the federal Low Income Housing Tax Credit (LIHTC) program. Throughout the program's tenure, what lessons have we learned? What key components continue to make it a successful program? The following essay was prepared for a forum by the Bipartisan Policy Center, a non-profit organization seeking solutions on some of the major issues facing the United States. It is reprinted with permission. For additional discussion on the LIHTC, see http://bipartisan-policy.org/blog/2013/10/02/housing-expert-forum-lihtc

The Low-Income Housing Tax Credit has worked well as a means to finance affordable housing development and rehabilitation. Going forward, federal housing policy will depend on LIHTC to promote goals from ending homelessness to facilitating independent living for a growing low-income elderly population.

But like most successful programs, LIHTC has room for improvement. Here are three steps federal and state policymakers could take to make LIHTC even more effective:

Create a renters' credit to help serve the neediest families. LIHTC relies heavily on rental assistance programs like Housing Choice Vouchers to achieve mixed-income occupancy, including families with incomes close to or below the poverty line, who have by far the greatest need for help affording housing. New LIHTC developments will struggle to reach this population unless the number of families with rental assistance grows over time. But funding constraints make a major expansion of existing rental assistance programs unlikely in the near term, and this year's sequestration cut is expected to reduce the number of families with vouchers by up to 140,000. As part of tax reform, Congress should create a new renter's tax credit to make housing (in both LIHTC developments and other buildings) affordable to the poorest families.

Increase use of LIHTC in high-opportunity neighborhoods. LIHTC is a potentially powerful tool to provide low-income families access to high-opportunity neighborhoods with strong schools. But LIHTC has performed inadequately in this area. A recent analysis found that, on average, LIHTC units large enough for families with children were near schools that scored at the 31st percentile on standardized tests — barely better than the average for schools near the homes of poor families, even though many LIHTC tenants have incomes above the poverty line. States could do much through their Qualified Allocation Plans and other policies to encourage LIHTC development in high-opportunity neighborhoods.

Gather and publish data on LIHTC tenants. No national data are available on the families assisted by LIHTC, a striking omission for a program that has operated for 27 years and funded more than two million units. In 2008, Congress directed state agencies to submit data on LIHTC tenants (including race and ethnicity, income, family composition, and rental assistance receipt) and HUD to publish the data annually. There have been some data collection efforts, but five years later HUD has neither released data nor provided a timeline for doing so. HUD and the states should invest the modest resources needed to meet their legal obligations, so that policymakers and the public have the data they need to understand who the properties serve.

As Congress considers tax reform, it should recognize the important role LIHTC plays and keep it in the tax code. But policymakers should also look for ways to strengthen LIHTC further and make sure that LIHTC-financed properties continue to provide affordable housing opportunities for the lowest-income families even if additional housing vouchers are unavailable.

Older New Yorkers can expect heavier heating bills this winter

Older residents of New York and other states in the New England and mid-Atlantic regions are likely to spend considerably more money on heating bills this winter, according to a new national report by the AARP's Public Policy Institute.

The report, based on federal data, projected the region's heating bills to rise an average of thirteen percent.

"New Yorkers already pay the highest electric bills in the continental United States and the second highest in the nation," said an AARP press release that accompanied the report, "60 percent above the national average, according to the U.S. Energy Information Administration." An AARP spokesperson added that "Too often, older New Yorkers have to choose between paying their heating bill and paying for their prescriptions."

Lower income residents--those with incomes less than $20,000 a year--will suffer the greatest burden, even though higher income households tend to spend more on heating. The latter's higher revenues will do more to cushion the energy price rise.

New York State has around $190 million in federal funds under the Home Energy Assistance Program, down from $104 million last winter. HEAP benefits tend to increase with household size. For more information, call the NYS HEAP hotline at 1-800-342-3009, or go online at http://otda.ny.gov/programs/heap/program.asp.

HUD: Homeless population drops in USA, but rises in New York City

While homelessness nationwide has decreased this year, New York City's own homeless population has grown, according to HUD.

The January 2013 combined shelter and street population in the city grew to an estimated 64,060 people over the year, amounting to a hike of thirteen percent. That made the city's homeless population growth second only to that of Los Angeles, which soared twenty-seven percent.

Federal officials said a major cause is the lack of affordable housing and the escalation of rents.

Meanwhile, another report from the National Center for Homeless Education showed that student homelessness hit a nationwide record high--reaching 1.2 million students during the 2011-12 academic year.

Our new mayor's true progressive predecessor: Fiorello LaGuardia

by Lib Tietjen

This article first appeared in Notes from the Tenement, the official blog of the Lower East Side Tenement Museum.

On January 1st, New York City got a new mayor – Democrat Bill de Blasio, who ran on a platform of social and economic change. However, he's certainly not the first progressive in Gracie Mansion.

Mayor de Blasio has some big shoes to fill, but some of the most famous shoes might not fit him… de Blasio is the city's tallest mayor, standing at six feet five inchwes, and he has to live up to political giant Fiorella LaGuardia, who was just over five feet tall.

LaGuardia, a Republican, was elected to three terms as mayor from 1934 to 1945, and is perhaps the most famous mayor in New York's history; his policies changed the face of the Lower East Side forever.

Born in Greenwich Village to an Italian father and Jewish mother, LaGuardia was raised in Arizona and Trieste (a northeastern Italian city and his mother's birthplace) before returning to New York City in 1906 to study law at New York University. Elected to Congress in 1916, LaGuardia represented a notoriously poor section of East Harlem and developed a reputation as a fiery defender of progressive causes.

He resigned his seat in 1919 to serve as a pilot in the First World War. He regained the seat in Congress in 1922 and held it until 1933, when he lost his seat in a Democratic landslide.

Despite being a Republican, LaGuardia appealed to voters in both parties, and he successfully ran for mayor in 1933 on a "Fusion" ticket (one that consisted of Democrats and Republicans who were against the corruption of Tammany Hall). Instead of participating in the traditional New Year's Day Mayoral inauguration ceremony, LaGuardia made numerous appearances across the city, promising voters to change the corrupt municipal government and change their lives for the better.

While a law student at NYU, LaGuardia worked for the Society for the Prevention of Cruelty for Children and served as a translator at Ellis Island, helping new immigrants navigate the frightening new land, and seeing first-hand how New York's newest inhabitants lived.

After he graduated from law school, he began a firm that represented immigrants, factory and sweatshop workers, and street peddlers of the Lower East Side, often free of charge.

His dedication to helping the people of the Lower East Side did not stop once he became mayor; LaGuardia favored strong unions, public welfare programs for the poor, expanding public works programs for the unemployed which included rebuilding or new construction of roads, parks, and other structures (including an airport that would be named after him), immigration reform, and housing issues like slum-clearance and low-cost housing; the tradition of which has led to the Fiorella LaGuardia Houses on today's Lower East Side.

LaGuardia fought to curb gambling in New York City, as it was often controlled by the mafia. A famous photo shows him smashing confiscated slot machines that will then be dumped into Long Island Sound.

In order to ease the street congestion of the Lower East Side, in 1940 LaGuardia created the Essex Street Market to give street vendors a safe and steady place to sell their goods, thereby changing the look and character of the neighborhood.

Despite his short stature, Fiorella LaGuardia is a huge figure in our city's history. At the start of this new year and new political era, we're excited and hopeful about New York City's future.

City officials, tenant leaders celebrate at MLRC's holiday pot luck luncheon

NYC Comptroller-elect Scott Stringer (holding his son, Max); to his left Manhattan Borough President-elect Gale Brewer; behind her Nick Prigo, District Leader & Chair of CB7's Housing Committee; MLRC board members and officers and various tenant advocates, at the MLRC's Pot Luck Holiday Luncheon on 12/7/13.

Retirement theft in four despicable steps by the one percent

By Paul Buchheit

Reprinted from from NationofChange

The fear of running out of money in retirement is America's greatest financial concern. It's a fear greater than death.

But the American workers who have paid all their lives for retirement security are being cheated by wealthy individuals and corporations who refuse to meet their tax obligations, and who have found other ways to keep expanding their wealth at the expense of the middle class.

Federal Tax Avoidance Is the Biggest Threat to Social Security

Conservatives say that Social Security is too expensive, and that cutbacks and a later retirement age are necessary. But they refuse to acknowledge the facts about missing revenue. Annual tax avoidance by wealthy individuals and corporations is in the trillions of dollars, over double the cost of Social Security.

Big corporations are the worst offenders. The numbers are startling. For every dollar they paid relative to payroll tax in the 1950s, they now pay ten cents. In just the past ten years they've cut their tax rate in half.

The sum total of tax underpayments, tax haven losses, corporate tax avoidance, and tax expenditures (most of which benefit the very rich) is over $62 trillion. Although Social Security costs less than half of that, Congress is targeting Americans who have paid into it at the highest rate, while tax avoiders are left undisturbed.

From whom does Congress propose to take retirement benefits? From people whose average retirement account is under $30,000, and for whom Social Security is the largest source of retirement income.

From those who have already experienced Social Security cuts through delayed cost-of-living adjustments and higher taxes.

From the half of the middle class whose food budget, by one estimate, will be five dollars a day in their retirement years.

State Tax Avoidance Defunds Pensions

In what Pulitzer Prize winning journalist and author David Caye Johnson, specializing in economics and tax issues, calls "nothing short of theft," states are reneging on pensions that workers have been paying into for years. Illinois, Michigan, California and a slew of other states have mismanaged and squandered funds that belong to their employees, and then, in effect, have blamed those employees for the mess by penalizing them with pension cuts.

Once again, one of the reasons for the shortfall is corporate irresponsibility. In 2011 and 2012, 155 of the largest companies paid just 1.8 percent of their total income in state taxes (3.6 percent of their declared U.S. income). The average required rate for the fifty states was 6.56 percent in 2011.

Similar results were found in a Citizens for Tax Justice (CTJ) report on 2008-10 state taxes, which found that 265 large companies paid an average of three percent in state taxes, less than half the average state tax rate. The results are summarized at Pay up Now.

How much money is this? The missing three percent tax on over two trillion dollars in profits is anywhere from thirty billion to sixty billion dollars, depending on the true U.S. portion of total corporate income.

But instead of taking on the delinquent corporations, states have increased-sales taxes and property taxes while building up their regressive lottery systems to the point that eleven states collected more revenue from their lotteries in 2009 than from corporate income tax.

Corporations Play One Underfunded State Against Another

The news from the states gets even worse. On the pretense that their presence enriches the people of their home states, and that subsidy-green pastures lie right

Continued 0n Page 8

Brooklyn ML Task Force honors outgoing Boro President Markowitz

Marty Markowitz (center, holding plaque) at 2013 Brooklyn ML Task Force farewell party breakfast in Brooklyn, where he recently completed his three-term service as borough president. Attending were several ML members, thanking him for establishing an education forum for residents of various ML developments in the borough. Honoring him were ML Task Force organizers Pat Orr-Winston of Atlantic Towers; Naomi Chappelle of Lindsay Park; and Monica McIntyre of Henry Silver Management. Another Task Force member, Margo Tunstall-Brown of Sea Park East, Inc., was unable to attend for medical reasons. She is currently an MLRC chairperson.

Retirement theft in four despicable steps by the one percent

Continued from page 7

across the border, companies have cunningly negotiated tax-cutting deals in return for the promise to stay. A Good Jobs First report escribes the process, which costs state and local governments up to $80 bilion a year.

Dozens of deals have been contrived, at least ten each in Michigan, New York, Ohio, Texas, Louisiana, Tennessee, Alabama, Kentucky, and New Jersey. Sixteen states have enacted the Private Income Tax (PIT) diversion, by which *employers* rather than governments get to withhold state income taxes from employee paychecks and to keep all or some portion of the funds.

Illinois' pension mess has its roots in corporate threats to bolt the state: $100 million to Motorola; $150 million to Sears; $56 million to Boeing to bring its headquarters to Chicago; and nearly $200 million to Caterpillar, which paid only two percent of its U.S. income in state taxes in 2011-12, and whose CEO called Illinois "unfriendly to business."

Meanwhile, other Illinois companies are trying to get in on the handouts. Agribusiness leader Archer Daniels Midland is threatening to leave the state. The Chicago Mercantile Exchange made a big fuss over its tax bill in 2011, even though its 2008-10 profit margin was higher than any of the top one hundred companies in the nation.

Washington is another state being victimized, at the hands of Boeing, which according to Citizens for Tax Justice paid nothing in federal taxes over ten years and nothing to Washington in state taxes, despite thirty-two billion dollars in pretax U.S. profits. Now, while engineering a bidding war among multiple states, the company has wangled the nation's single biggest state tax break ($8.7 billion over sixteen years) while informing its employees that their pension and benefits will be slashed.

In California, the tech giant Apple has its own way of dealing with state taxes, claiming residency in tax-free Nwvada. Ill-informed state leaders might heed the findings of a New York State Tax Commission, which said: "There is...no conclusive evidence from research studies conducted since the mid-1950s to show that business tax incentives have an impact on net economic gains to the states above and beyond the level that would have been attained absent the incentives."

Banks Take a Big Chunk of Our Retirement Accounts

Nearly two dollars of every five dollars in potential 401(k) earnings is lost because of bank fees. An individual investing one thousands dollars a year for thirty years (with the historical six percent return) and then holding the accumulated sum for another twenty years would end up with $269,000 in a non-fee fund, but just $165,000 with the industry average 1.3 percent fee.

In the individual states, banks have their fee-absorbing tentacles wrapped around employee pension plans. In Rhode Island it is projected that $2.1 billion in fees will be paid to hedge funds, private-equity funds, and venture-capital funds over the next twenty years, about equal to the amount saved by freezing Cost of Living Adjustments for public workers.

In Detroit, $250 million in bankruptcy expenses was doled out to firms that employ lawyers, accountants, financial analysts, and public-relations consultants. In South Carolina the plunge by pension managers into private equity and hedge funds has resulted in $1.2 billion in fees since 2008.

American workers and retirees are the victims, and their numbers are growing. According to the National Institute on Retirement Security, almost half (forty-five percent) of working-age households do not own any retirement account assets. The average working household has virtually no retirement savings. But it doesn't matter to business-happy privatization advocates, who don't seem to recognize that this poorer half of America even exists.

HPD seeks changes to M-L succession

Continued from page 1

to relatives or partners once the two-year period has elapsed. Those relatives, in effect, bypass others who have been waiting years to secure a M-L apartment.

State Senator Daniel Squadron argued that the proposals ignore the notably changing nature of family compositions today, for example by removing common-law relationships and by not including same-sex couples or others who provide family care. Today, care is often provided by nieces, nephews, aunts and uncles, all of whom would be denied succession rights under the proposed rules.

An HPD spokesperson said all comments received at the November 6 hearing will be considered prior to finalizing the rules.

'My Social Security' account now provides free proof of income

The MLRC has been asked by the New York regional public affairs office of the Social Security Administration to encourage its members to register for a "My Social Security" account, a free online government service through which people who currently receive a monthly Social Security and/or Supplemental Security Income (SSI) benefit may obtain proof of income without having to visit their local Social Security office or call the national toll-free number.

"My Social Security" is also a site where people age eighteen and older who have a work history may check their annual Social Security earnings. Previously, the SSA mailed an annual SS earnings statement to workers age twenty-five and older. Budget constraints have forced those mailings to cease, but the information is now available online through "My Social Security."

To register, visit *www.socialsecurity.gov/myaccount*, and follow the instructions. While divulging personal information is required to create an account, the SSA says all information will remain confidential through user names and passwords.