



# MITCHELL-LAMA RESIDENTS COALITION

Vol. 15, Issue 4  
January 2011

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

## Housing as a human right: UN rapporteur shares her findings

By Judy Montanez

A new face of homelessness is appearing, with increasing numbers of working families and individuals finding themselves on the streets, or living in shelters or in transitional housing arrangements with friends and family.

That was a key finding in a report by Ms. Raquel Rolnik, a professor of urban planning at the University of Sao Paulo in Brazil, based on her tour of New York and several other cities in the United States and abroad in 2008-2009. The tour and report were requested by the United Nations Human Rights Council.

Ms. Rolnik spoke of her findings last October to a national coalition of organizations, including the National Alliance of HUD Tenants. The meeting was held at Union Theological Seminary.

A documentary on Rolnik's visit, "More Than a Roof," started off the evening which reviewed Rolnik's tour.

Afterwards, housing leaders and activists from various cities gave updates about the worsening housing situation across the country. Speakers testified to how demolition of public housing, homelessness, lack of affordable housing, foreclosure, and predatory landlords are affecting many peo-

ple all over the nation.

The evening ended with Ms. Rolnik addressing the audience. One of the most important statements she made was that the crisis in affordable housing is not just a nationwide problem but "a global issue" and must be addressed accordingly. She went on to discuss the importance of building an international movement.

### Key points in report pertaining to the US

Federal funding for low-income housing has been cut over the past decades, leading to a reduced stock and quality of subsidized housing.

Real participation of those affected by the housing crisis is essential for a successful outcome to current efforts to change and reform.

Funding cuts in the past years have severely affected the maintenance of public housing. Some units have become dilapidated; many have been lost due to deterioration and decay. Additional funding is needed to properly maintain and restore the remaining public housing stock.

*Continued on page 8*

## Senate neglects action on extending rent, co-op laws

Tenants and cooperators hoping for meaningful action by the New York Senate on renewing the state's rent and co-op laws beyond the "sunset" date of June 15 (see article on page 4) were disappointed, as the senators adjourned from an extraordinary session on Monday, November 29, before tackling any major issues.

However, according to a *New York Daily News* report, Senator Darrel Aubertine (D-Watertown) said it appears likely that the legislators will reconvene in December.

Affordable housing activists are pushing for Senate passage of a bill, S8182, which passed the Assembly on June 16. The bill will extend the rent and co-op protection laws for seven additional years beyond the sunset date.

Now in its third reading at the Senate, the bill requires requires a minimum of 32 senators for passage. In practical terms that translates into 31 Democrats, because one Republican senator, Frank Padavan of Queens, is likely to go along.

According to Michael McKee of TenantsPac, a lobbying group for tenants in New York City and some suburban counties, if the rent laws can be renewed before January, when Republicans may well have a narrow majority, activists could "avoid the considerable risk of additional weakening amendments next June."

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

GENERAL MEMBERSHIP MEETING  
SATURDAY, January 22, 2011

Time: 10:00 a.m. – 1:00 p.m.

(Refreshments at 10:00 a.m.)

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

# DHCR consolidates housing agencies; all state programs to be run by three units

New York State's primary housing department has followed through on its intention to integrate all the major housing and renewal agencies under a single administrative structure.

The new department, now known as Homes and Community Renewal (HCR), said the reorganization, comprising three overall units, will enable it to better "respond to the growing need for affordable housing in New York."

In a release last September, HCR said the consolidation "cuts costs, increases efficiency and maximizes New York's ability to create quality affordable housing and safe, vibrant communities."

Governor Paterson added that "At a time when poverty and homelessness are on the rise across the country, our role in creating homes that people can afford is crucial. I'm confident HCR will serve as a national model for building and preserving affordable homes and improving communities and local economies."

The new alignment takes similar programs that had in the past been administered by the Housing Trust Fund Corporation (HTFC), the State of NY Mortgage Agency (SONYMA), the Housing Finance Agency (HFA), the Affordable Housing Corporation (AHC), and DHCR and organizes them into three units led by one manager and a dedicated staff.

**Finance and Development** will align all programs that fund the development of affordable housing, including Low Income Housing Tax Credit programs, tax

exempt and taxable bond finance programs, single family loan and Capital awards programs.

**Housing Preservation** will include all the programs that maintain and enhance the state's portfolio of existing affordable housing. This includes the Office of Rent Administration, the Section 8 program, Asset Management and the Weatherization Assistance Program.

**Community Renewal** will include all the programs geared toward community and economic development, job creation and downtown revitalization, including the NYS Community Development Block Grant Program, NY Main Street program, Affordable Housing Corporation, Neighborhood Stabilization Program and the Neighborhood and Rural Preservation programs.

Administrative and support services, including Communications, Legal affairs, Administration, Fair Housing, Policy Development, and Accounting and Treasury will fall within the Office of the President.

The Mortgage Insurance Fund will continue to be administered as an independent office reporting directly to the Commissioner/CE

Brian Lawlor, HCR's commissioner and chief executive officer, said that "input from industry leaders, advocates, and staff was integral to the creation of a new business model for the state's housing agencies."

## UPCOMING EVENTS

### GENERAL MEMBERSHIP

Saturday, January 22, 2011

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

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

Separate Co-op & Rental workshops with invited guests will be held. The workshops will focus on tenant organizing along with shareholder/tenant by-laws and board of directors by-laws.

Attendees are requested to bring copies of the above.

### EXECUTIVE BOARD

Meetings, 2011

10 a.m. to Noon

January 8, 2011

February 12, 2011

March 12, 2011

April 9, 2011

May 14, 2011

June 4, 2011

WWW

## Mitchell-Lama Residents Coalition, Inc.

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Margo Tunstall

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Fax (212)864-8165  
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NOTE: Checks are deposited once a month.  
Mail to: MLRC, PO Box 20414, Park West Finance Station, New York, N.Y. 10025

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

# Have prisons become our nation's other housing bubble?

It is hardly news that the housing bubble--in which real estate speculators (individuals as well as companies) drove up the cost of shelter to previously unimaginable heights--was, along with a related bank frenzy of sub-prime mortgage loans and Wall Street's creation of baseless financial securities--the catalyst that sparked our Great Recession in December, 2007.

But there was, according to a columnist for the *Boston Globe*, a second, largely ignored, housing bubble: Prisons.

He argues, in the November 8, 2010 issue, that prisons have become a de facto housing program for the poor.

During the Ronald Reagan administration, according to James Carroll, "an unseen boom began then, too--in American rates of incarceration, the housing bubble in prisons. A recent issue of *Daedalus*, the journal of the American Academy of Arts and Sciences, lays it out. In 1975, there were fewer than 400,000 people locked up in the United States. By 2000, that had grown to 2 million, and by this year to nearly 2.5 million."

He quotes the findings of social scientist Glenn C. Loury, which show that "with 5 percent of the world's population, the United States imprisons 25 percent of all humans behind bars. This effectively created a vibrant shadow economy: American spending on the criminal justice system went from \$33 billion in 1980 to \$216 billion in 2010 -- an increase of 660 percent. Criminal justice is the third largest employer in the country."

While prison construction boomed, something else was happening. Namely, that as the government was pouring money into prisons, it was "simultaneously slashing funds for public housing. In the 1990s, as federal corrections budgets increased by \$19 billion, money for housing was cut by \$17 billion, "effectively making the construction of prisons the nation's main housing program for the poor."

Nor was it only the federal government that underwrote prisons rather than housing. "States [as well] went prison-crazy."

Carroll adds, however, that "the current fiscal crisis has blown a hole through all that razor-wire. State budgets suddenly cannot afford prison systems, which universally choke off funds for education, transportation, and infrastructure. Some states, like California, consider simply releasing prisoners because jail time in mega-prisons costs too much. And, equally suddenly, the whole system has become morally dubious as well. While a famously over-exuberant economy was built on the

lies of bankers tied to an artificially inflated housing sector, the prison boom depended on racist and class-biased "criminology" that was, in fact, steadily debunked by

***'the construction of prisons [has become] the nation's main housing program for the poor'***

penal experts.

"Just as irrational assumptions of 'risk assessment' prompted mortgage brokers to understate the risks of home ownership, they led prosecutors, in a parallel

noted by Berkeley law professor Jonathan Simon, to grossly overstate the risks to society of huge numbers of defendants. The housing bubble, Simon shows, devastated neighborhoods by littering them with abandoned properties. The prison bubble devastated neighborhoods by depriving them of fathers and husbands."

The writer ends his column by stating that "Re-inflating 'America's punishment bubble' makes no more sense than trying to re-inflate the housing bubble."

# # #

*The full essay by Carroll can be read at [http://www.boston.com/bostonglobe/editorial\\_opinion/oped/articles/2010/11/08/the\\_prison\\_boom\\_comes\\_home\\_to\\_roost/](http://www.boston.com/bostonglobe/editorial_opinion/oped/articles/2010/11/08/the_prison_boom_comes_home_to_roost/)*

## Repairs for M-L developments available under HFA's RAP Program

*The following information was reprinted from the website of NY Homes, a State resource containing information on all housing programs in the state.*

**H**FA's Mitchell Lama Rehabilitation and Preservation (RAP) Program offers flexible, low-cost financing to help lower debt service payments for Mitchell Lama owners. This financing is aimed at freeing up resources for capital improvements and building renovations. In exchange, owners are required to keep rents affordable for an additional 40 years.

HFA started the RAP program because many of New York State's Mitchell Lama projects were built in the early years of the program and are now in need of major repairs.

HFA will finance RAP loans from a number of sources, including tax-exempt private activity bonds; federal Low-Income Housing Tax Credits; tax-exempt 501(c)(3) bonds for eligible nonprofit organizations; taxable bonds; and HFA's available resources.

Repairs and capital improvements could include fixing components in need of immediate repair or replacement; replacing obsolete infrastructure; upgrading facilities to meet applicable new federal, state or local housing or building codes; and improving their buildings' energy efficiency.

HFA also offers Second Mortgage

"Subsidy Loans." These loans provide subordinate, low interest rate subsidy loans to projects which are receiving construction and/or permanent financing from HFA and which require subsidy to maximize the number of affordable units and to reach lower income or special needs populations.

*A term sheet with details on HFA's Second Mortgage "Subsidy Loan" is being updated as of this writing. For any questions about the program, contact David Walsh at 212-872-0385 or Gail Bressler at 212-872-0496.*

HFA has up to \$15 million available to fund zero-interest immediate repair loans to nonprofit owners of state-financed Mitchell Lama projects. Mitchell Lama projects that receive these loans are also eligible for the RAP program.

Grants from the New York State Energy Research and Development Authority (NYSERDA) are also available to owners participating in the RAP program in order to make the projects more energy efficient.

To obtain a term sheet for details on the RAP program, go to this website: [http://www.nyhomes.org/docs/final\\_mitchell\\_lama\\_program\\_term\\_sheet.pdf](http://www.nyhomes.org/docs/final_mitchell_lama_program_term_sheet.pdf)

## NLIHC urges members to lobby senators in support of National Housing Trust Fund

The National Low Income Housing Coalition has issued a call to members to push for senatorial support for the National Housing Trust Fund.

The Fund provides communities with money to build, preserve, and rehabilitate rental homes that are affordable for very low income households.

Last May 28, the House of Representatives passed legislation--the tax extender bill--that provides \$1.065 billion for the Trust Fund and associated project-based housing vouchers, the NLIHC said in a website announcement. "However, the Senate has not been able to pass its version of the extender bill. The Coalition wants senators to make sure that "NHTF funding is included in 'must pass' legislation before the end of the session."

In its call, the Coalition suggests informing senators how many jobs the

NHTF will create. According to their estimates, New York should secure 1,685 construction jobs and 424 ongoing jobs as a result of NHTF funding.

Beyond emphasizing jobs, the Coalition suggests informing senators "how much your state will receive in HHTF funding," and reminding them "of the number of organizations from your state that signed the NHTF letter of support."

Contact information on your senators is available at the NLIHC's legislative action center [<http://capwiz.com/nlihc/home/>], or through the Congressional switchboard at 877-210-5351.

Additional information on estimated jobs to be created, state allocations and support organizations is available at the Coalition's website, <http://capwiz.com/nlihc/callalert/index.tt?alertid=19441771>.

## Tenants win right to use housing court to sue landlords for harassment

The right of tenants to use housing court to sue landlords for harassment was affirmed in November by the appellate division of New York State Supreme Court.

In rebuffing a landlord's group's contention that the housing court was unconstitutionally expanding its jurisdiction, and thereby "usurping" the state's constitution, the Court ruled that Local Law 7, which became effective in 2008, authorized tenants who claimed to be harassed to sue for civil penalties, injunctive relief, and attorneys fees, according to a report in the *New York Law Journal*. The ruling was unanimous.

The landlords' suit, brought by the Rent Stabilization Association and two realty groups, had argued that when the state legislature created the city's housing court, it limited that court's jurisdiction to "actions and proceedings involving the enforcement of state law for the establishment and maintenance of housing standards," the *Journal* wrote. The RSA claimed that "standards" meant

only "objective standards dealing with the physical plant and operations of a building."

But the Court ruled that housing standards also applied to such "subjective" issues as tenants' belief that they have been harassed. Indeed, Justice David B. Saxe noted that in other areas of housing court, judges are authorized to make "subjective" judgments on such issues as whether a "tenant has been exposed to conditions that endanger or are detrimental to life, health or safety," according to the *Law Journal* report.

Under Local Law 7, landlords can be found guilty of harassment "when they take actions designed to force them to leave their apartments or surrender legal rights," the report said. "Among the actions defined as harassment are physical force, interruption of essential services or bringing baseless legal proceedings."

Two pro-tenant groups were given permission to participate in the lawsuit as intervenors. They were the Association for Neighborhood and Housing Development and the Queens Vantage Tenants Council.

## Rent regulation laws for NYC, other counties, set to 'sunset' on June 15

Rent regulation, particularly the rent stabilization law, is set to expire next June 15th in New York City and three other counties—Westchester, Rockland and Nassau. The old rent control law of 1947 is also under the gun.

If history is any guide, the laws face a further watering down if not outright elimination. Legislators seriously weakened regulation in 1993, 1997 and 2003, thanks to a flood of money from the real estate lobby to Republican state senators.

In New York City, apartments are under rent stabilization if they are in buildings of six or more units built between February 1, 1947, and December 31, 1973. Tenants in buildings built before February 1, 1947, who moved in after June 30, 1971, are also covered by rent stabilization. A third category of rent stabilized apartments covers buildings with three or more apartments constructed or extensively renovated on or after January 1, 1974 with special tax benefits. Usually, those units lose protection when the benefits end or when the tenant vacates.

As a result of the law's weakening, New York City has experienced the decontrol of

*Continued on Page 8*

## 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: \$25**  
**Development - 15 cents per apt. (\$30 minimum; \$125 maximum)**

Donations above the membership dues are welcome.

### These developments are dues-paid members of the Mitchell-Lama Residents Coalition as of Dec. 31, 2009

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

# HUD offers new guidance on LGBT housing discrimination

A new policy that provides lesbian, gay, bisexual and transgender (LGBT) individuals and families with assistance when facing housing discrimination was announced in July by the U.S. Department of Housing and Urban Development (HUD).

The new guidance treats gender identity discrimination most often faced by transgender persons as gender discrimination under the Fair Housing Act, and instructs HUD staff to inform individuals filing complaints about state and local agencies that have LGBT-inclusive discrimination laws.

HUD Secretary Shaun Donovan announced the new guidance at HUD's LGBT Pride Month Celebration. "Our job to prevent and combat housing discrimination is not complete without addressing 21st Century issues," stated John Trasviña, Assistant Secretary for Fair Housing and Equal Opportunity.

"Our fair housing staff will work with state and local civil rights agencies to investigate and refer discrimination cases and work to combat all aspects of gender discrimination."

The federal Fair Housing Act prohibits discrimination in rental, sales and lending on the basis of race, color, national origin, religion, gender, disability and familial status. Approximately 20 states, and the District of Columbia, and over 60 cities, towns and

counties across the nation have additional protections that specifically prohibit such discrimination against LGBT individuals.

Under the guidance announced in July, HUD will, as appropriate, retain its jurisdiction over complaints filed by LGBT individuals or families but also jointly investigate or refer matters to those state, district and local governments with other legal protections.

For example, if a man alleges that he is being evicted because he is gay and his landlord believes he will infect other tenants with HIV, then the allegation of discrimination may be jurisdictional under the Fair Housing Act based on disability because the man is regarded as having a disability, HIV/AIDS.

Similarly, if a female prospective tenant is alleging discrimination by a landlord because she wears masculine clothes and engages in other physical expressions that are stereotypically male, then the allegations may be jurisdictional under the Act as discrimination based on gender.

In October 2009, Donovan announced a series of measures to ensure that the agency's core housing programs are open to all, regardless of sexual orientation or gender identity. In July, HUD announced that it will require grant applicants seeking HUD funding to comply with state and local anti-dis-

crimination laws that protect LGBT individuals.

In addition, HUD intends to propose new regulations that will clarify that the term "family" as used to describe eligible beneficiaries of HUD's programs include otherwise eligible LGBT individuals and couples. The Department's intent to propose new regulations will clarify family status to ensure its core housing programs are available to all families, regardless of their sexual orientation or gender identity.

The Federal Housing Administration (FHA) will also instruct its lending community that FHA-insured mortgage loans must be based on the credit-worthiness of borrowers and not on unrelated factors or characteristics such as sexual orientation or gender identity.

Finally, HUD will commission the first-ever national study of discrimination against members of the LGBT community in the rental and sale of housing. The Department is currently seeking online public comment from interested parties in how it might design this new study.

Comments may be entered at [http://portal.hud.gov/portal/page/portal/HUD/LGBT\\_Discrimination\\_Study/comments](http://portal.hud.gov/portal/page/portal/HUD/LGBT_Discrimination_Study/comments)

## Gluck's plan to keep Tivoli Towers affordable may be mixed blessing

In a widely-reported effort to keep rents affordable at Tivoli Towers, a 33-story, 320-unit Mitchell-Lama complex in Crown Heights, Brooklyn, new owner Lawrence Gluck of Stellar Management is working with the City to secure local financing and to obtain federal Section 8 vouchers for all tenants.

But for some of the residents, the vouchers may actually result in considerably more rent than they are paying now.

That is because any tenant who receives a federal voucher will be obliged to pay one-third of his or her income towards the rent, while the U.S. government pays the rest (the actual rent will be set at a free market rate). A third of one's income may amount to more than the Mitchell-Lama rent.

Terri Blackmore, a lifelong resident of Tivoli, told one reporter that her new rent, even with a voucher, will result in her paying over \$400 more for the same apartment. Her new rent will increase by more than \$600, but her voucher will amount to only around \$200. "I am discouraged but what can I do," she is reported as saying. "If

I leave and look for another place, it's going to be the same thing." Blackmore reportedly earns \$50,000 a year, and supports two children in college.

Other media reports indicate that while some tenants are optimistic, others are highly skeptical, given Gluck's history of intense battles with residents of other former Mitchell-Lama buildings he purchased and removed from the program.

Gluck's Stellar Management has agreed to provide around \$15 million to renovate Tivoli's admittedly run-down buildings, according to the *Wall Street Journal*. He will also receive financing (a loan) from the City's Housing Development Corporation.

In exchange, according to *The Real Deal*, a real estate trade journal, "Gluck has agreed to keep Tivoli affordable until 2040 . . . . "The renovation project . . . includes new elevators, roof repairs, security upgrades and kitchen and bathroom improvements." The City "will also help with the \$30 million needed to pay off the building's debt and other expenses."

## Evergreen Gardens facing two-fold rent hike

Tenants at Evergreen Gardens in the Bronx received a double-whammy recently from their landlord, Grenadier Realty Corp. The Brooklyn-based real estate firm notified the tenants in November that it will seek a rent increase of 19.1 percent in 2011, and a second increase of 8.4 percent in the following year.

In the first year, the increase would amount to at least two hundred dollars more per month than tenants are currently paying. In the second year, the rent will jump another twenty-four dollars.

According to Lillian Bannister, president of the Mitchell-Lama rental's tenants association, the landlord claims the increase is needed to compensate for cost increases in energy, maintenance and repair.

But tenants also face their own cost increases, she said. She added that many of the tenants are elderly and subsist on fixed incomes. Others include single-parent families."

To counter the owner's request, the association is circulating a petition among tenants in the complex's 355 apartments, calling for the City to reject the increase. In addition, the group is now arranging to acquire an accountant to rebut the landlord's cost increase allegations.

## In illegal rent overcharge case, court rules owner's fraud nullifies 'four-year rule'

A decision issued by the New York State Court of Appeals on October 19, 2010, was a victory for a tenant in a rent-stabilized building who was overcharged.

The importance of the decision, however, was not so much that the tenant's claim was validated (which had been decided earlier), but that the fraudulent scheme on the part of the landlord nullified the well-known "four year rule" rent-setting formula, and replaced it with a more tenant-friendly "default rent" formula.

The four year rule says, in effect, that in the event of a rent overcharge, the base rent that the tenant should pay is the amount of the rent four years before he or she filed the overcharge complaint. In contrast, the default rent formula says the base rent should be the lowest stabilized rent in the building for an apartment with the same number of rooms that was in existence on the base date.

This "default" rent is almost always lower than the four year rule rent.

**Basically, the court ruled that where the rent four years prior to filing is the product of fraud, a default formula should be used which looks to the lowest rent paid for a comparable sized apartment in**

**the same line.**

The Appeals Court's decision, in *Grimm v. DHCR*, affirmed a lower court's ruling, in which that court overruled the State's Department of Housing and Community Renewal, which decided the rent should be whatever was charged four years prior to the ruling--even if that rent was set fraudulently--in the year 2,000: \$1,450 per month. The landlord was pleased. But the tenant filed an Article 78 (basically, an appeal).

Technically, the Appeals Court was asked to determine, as did the lower court, whether the rationale in a previous case, *Thornton v. Baron*, applied to the *Grimm* case.

The story gets a bit complicated here, but essentially, in the *Thornton* case, a landlord and a "tenant" (perhaps a decoy) agreed to a scheme whereby the legal stabilized rent would be ignored, and a much higher rent would be charged.

The so-called tenant agreed, as part of the lease, not to use the apartment as a primary residence--in effect, not to live there. Then the landlord would sue, or in legal terms, seek a declaratory judgment (a "consent judgment") that upheld the two parties' scheme.

Why would any tenant agree to

this scheme? Because then he or she, who had no intention of actually living in the apartment, could sublease the unit, charging a legitimate subtenant an even higher rent. In other words, the apartment illegally goes off rent stabilization, the landlord reaps a windfall, and the co-conspirator rips off a subtenant!

In that case, the court ruled that the DHCR should determine what the legal rent should be. The state agency decided that it should be whatever the rent was four years prior to the subtenant's filing the complaint (the year 2000)--fraud or no fraud. That rent was \$1,450. The subtenant argued, however, that the rent should be whatever the legal, rent stabilized rent was at the time of filing: \$507.85 a month.

The Court, on appeal, agreed with the subtenant and dismissed the DHCR decision, ordering it to disregard the four year rule--because the fraudulent scheme invalidated, or nullified that rule. Instead, the Court ruled that DHCR should use the "default" rule formula.

In the *Grimm* case, likewise, the Court ordered DHCR to calculate the legal rent as the lowest legal rent in the building for an apartment with the same number of rooms at the time of the overcharge filing.

## Stuyvesant Town pioneer, now 95, led early battle for integration

As most of us know, tenant activists at Stuyvesant Town recently prevailed against new owners who sought to transform the historically affordable complex, along with Peter Cooper Village, into luxury housing. But this battle was not the first time tenants in the complex fought the good fight. An article by Charles W. Bagli in the *New York Times* on November 22 recounted the struggle for racial integration that was fought more than sixty years ago.

The subject of the story was Dr. Lee Lorch, a mathematician now in his mid-nineties who helped organize white tenants to demand that the complex be integrated. In the first skirmish of that battle, unfortunately, the tenants lost, as New York State's highest court ruled "that a private landlord could reject tenants based on race."

That did not stop the tenants, however, and their organizing ultimately forced the Metropolitan Life Insurance Company, which owned the buildings, "to scrap what was called the No Negroes Allowed policy. The battle also inspired the open-housing movement that eventually made housing discrimination illegal nationwide."

While he can and does look back on

those years as heroic, the social atmosphere of the times did take a toll: Dr. Lorch was blacklisted and forced to leave the country to make a living. (He still writes for scholarly journals.)

The story came to light because some tenants at Stuy Town and Peter Cooper Village are preparing an oral history project to document the lives of the residents.

Part of that history focuses on comments by the president of Metropolitan Life Insurance, Frederick H. Ecker, who told the *New York Post* (which was then a very different publication from today's *Post*), that African Americans would not be allowed in to the planned complex. The year was 1943, when Ecker said, "Negroes and whites don't mix. If we brought them into this development, it would be to the detriment of the city, too, because it would depress all the surrounding property."

That fraudulent and self-fulfilling argument about property values has been used time and again throughout the heyday of the civil rights movement, here in New York City as well as in the south.

Ecker's racist comments motivated some public officials, labor unions, Jewish

organizations, and civil rights groups to condemn the policy. Many even wanted to stop the housing project itself from being built.

But it opened in 1947, with around 200,000 working and middle class citizens acquiring affordable, decent apartments. While Dr. Lorch was glad to find a home, "going there carried an obligation to fight discrimination," he was quoted as saying. "That's the way a lot of people felt."

The following year, Dr. Lorch motivated twelve tenants to form the Town and Village Tenants Committee to End Discrimination in Stuyvesant Town. Lorch discovered that around two-thirds of the tenants supported integration--a clear refutation of Met Life's argument.

The court's ruling in support of Met Life spurred the tenants to search for a new tactic. They found it when one resident, Jesse Kessler, a union organizer who was going on vacation, temporarily offered his home to a fellow black unionist, Hardine Hendrix and his family. When Kessler returned, Dr. Lorch offered his own apartment to the Hendrix family. Lorch was about to leave to teach

*Continued on page 8*

# Rochdale Village: blueprint for a new housing option?

The following article, by Peter Eisenstadt, appeared originally on George Mason University's History News Network website, October 4, 2010. It is presented here by permission.

Few areas of New York City have had as many housing foreclosures in recent years as the neighborhoods in southeastern Queens, such as Jamaica, South Jamaica, St. Albans, and Laurelton—all with large tracts of modest private homes and a predominantly minority population.

But one large area of southern Queens, Rochdale Village, has not had a single defaulted mortgage. All of its residents own their homes, and like the surrounding neighborhoods it has an overwhelmingly minority population, modestly middle class in its income and aspirations.

What makes Rochdale different is that it is a limited equity cooperative, whose residents chose their management and govern themselves collectively. The 6,000 apartments, in twenty large apartment buildings, cannot be individually resold. If its residents cannot profit from real estate investments, they also cannot lose their homes and much of their savings when the market turns on them.

## Abraham Kazan's vision

Rochdale Village, standing on the site of the former Jamaica Racetrack, opened in 1963. It was built by the United Housing Foundation (UHF), and followed the vision of its longtime leader, Abraham Kazan, who believed in creating attractive, affordable housing, for families of moderate income, all owned by their residents.

Kazan was a product of the anarchist wing of the Jewish labor movement in the early twentieth century, and had been building cooperative housing for workers since the 1920s. Under the auspices of the UHF, largely a consortium of labor unions, he built over 30,000 units of cooperative housing in New York City from the early 1950s to the early 1970s, which made him the most successful developer of cooperative housing in the country.

Before Rochdale, most of Kazan's cooperatives had tended to draw heavily from the Jewish labor movement, and Jewish families in general. Rochdale Village was different, and from the beginning had a substantial black population (and unlike previous UHF cooperatives, was in a predominantly African American neighborhood.) Rochdale Village touted its achievements as an integrated cooperative, and through the 1960s it was the largest integrated housing development in New York City, if not the United States as a whole.

## White flight, Black determination

Alas, this did not last, and the whites started to move out in the early 1970s, and in time Rochdale would become almost entirely African American, and today it

### *'residents. . . defend what is unique about Rochdale, and the flexibility and relevance of Kazan's original cooperative vision'*

remains the largest predominantly minority-owned cooperative in the country, a tribute to the determination of its residents to defend what is unique about Rochdale, and the flexibility and relevance of Kazan's original cooperative vision.

The UHF built only one more cooperative after Rochdale, the gargantuan 15,000 unit Co-Op City in the Bronx, but after completing it in the early 1970s, it laid down its shovel and never built another unit of housing. The reasons for this are complex.

One factor was the conviction of Jane Jacobs and her legion of followers that large scale superblock housing projects were sterile and dehumanizing, incubators of urban anomie, a reality belied by the generations of families of modest means who had cherished their homes in UHF-built cooperatives.

But the real question came down to money. By the early 1970s many had concluded that cooperatives such as Rochdale Village and Co-op City, privately owned but government sponsored, were costing the taxpayers too much money, and that in a time of inflation, revenues were not keeping up with expenses. The fiscal crisis of the mid-1970s seemed to confirm the prevailing wisdom; the government should, as much as possible get out of the housing biz.

And so New York City was launched on the vertiginous explosion of housing prices that has largely priced the working, middle, and moderate classes out of New York City.

If there was grumbling, most bought into, in more ways than one, the underlying rationale; that as long you own your place, and the prices appreciate, you could more than recoup your investment by selling to the next purchaser. But a system based

on begging one's neighbor could not last forever, and of course it came crashing down in 2007 and 2008, toxic asset by asset. The Obama administration is currently wrestling with the problem of housing prices that continue to fall.

## Alternative to housing speculation

Whatever is done, and this is a very serious problem, we need to reconsider the alternatives to the speculative housing market such as limited equity cooperatives, which for many decades have afforded families of modest incomes a way to own their homes without personal mortgages and high levels of individual indebtedness. Building affordable, attractive housing is not cheap, but neither is the \$14 trillion or so in net worth the United States has lost since 2007 as a result of the burst housing bubble.

Residents of Rochdale Village and Co-op City have both considered the path of privatization, and both have rejected it, and they remain places where three bedroom apartments are available for well under \$1,000 in rent a month. A stay on the waiting list for a vacancy can stretch into the decades.

Limited equity cooperatives have prospered, quietly, in the decades when the American dream seemed to be reduced to everyone becoming a real estate speculator. As we move forward, let us make room in our housing mix for new Rochdales and Co-op Cities, appropriately refashioned for the twenty-first century.

Sometimes, Santayana to the contrary, only those who have learned something from history can know enough to repeat it.

## Court: owners may not discriminate on basis of income

Landlords who receive J-51 tax benefits, and those who are subject to New York City's Local Law 10, may not discriminate against any tenant whose rental income comes from a Section 8 voucher.

The NY Supreme Court ruling on source of income (voucher) discrimination was unanimously affirmed by the Appellate Division, First Department, on December 2, 2010, in *Tapia v. Successful Management Corp.*

The Supreme Court had ruled earlier that "the antidiscrimination clauses of the J-51 law and Local Law 10 prohibit defendant landlords. . . from refusing to accept 'Section 8' benefits from plaintiffs. . ."

The case pitted long time tenants in rent-stabilized buildings who were granted Section 8 vouchers against Successful Management, Arber, a Brooklyn-based landlord.

The decision noted that "the plain language" of both laws prohibited discrimination based on tenants' lawful source of income.

## Housing as a human right: UN rapporteur shares her findings

*Continued from page 1*

Given the crisis in affordable housing, an immediate moratorium is required on the demolition and disposition of public housing until such time as one-for-one replacement housing is secured, and the right to return is guaranteed to all residents.

Housing should be made available for displaced residents before any unit is demolished.

Government [should] ensure that, in the context of the Choice Neighborhoods Initiative, poor communities will be able to stay in their neighborhoods once development takes place.

Government [should] assign more resources to Section 8 vouchers. Legislative mechanisms should be established in order to encourage the extension of expiring Section 8 unit contracts, as well as other expiring affordable housing programmes involving private landlords.

Congress [should] reinsert the provision on the right to first purchase in the draft preservation bill.

The Helping Families Save Their Home Act (P.L. 111-22): Protecting Tenants at Foreclosure Act (Title VII) should be extended beyond 2012 and become permanent protection.

The Administration and Congress should encourage the expansion of the definition of homelessness to include those living with family or friends due to economic hardship.

The Department of Housing and Urban Development (HUD) should ensure that households living with others due to economic hardship are eligible for rental and other assistance, including from the

Emergency Shelter Grant programme. Congress should also increase funding for housing vouchers for homeless persons or persons at risk of homelessness and increase funding for the Family Unification Program.

Effective homelessness prevention strategies should include provisions that increase the stock of affordable housing available to low-income workers and for those at risk of becoming homeless.

The housing situation faced by some Native American tribes is dire.

Districts that prohibit housing discrimination on the basis of source of income are commended; the United States government enact legislation to extend this to the national level.

The federal government should prohibit the use of criteria such as drug tests and criminal records for gaining access to subsidized housing.

Residents of public housing should have direct, active and effective participation in the planning and decision-making process affecting their access to housing. Residents should be seen as essential partners working alongside the Government in transforming public housing.

The United States should ratify the International Covenant on Economic, Social and Cultural Rights.

*The Final Report, covering the period of October 22 to November 8, 2009, can be found on the web site [http://www2.ohchr.org/english/bodies/hrcouncil/docs/13session/A.HRC.13.20.Add.4\\_en.pdf](http://www2.ohchr.org/english/bodies/hrcouncil/docs/13session/A.HRC.13.20.Add.4_en.pdf)*

## Rent regulation laws for NYC, other counties, set to 'sunset' on June 15

*Continued from page 4*

more than 300,000 units. Other units have been lost in other counties. As noted in a recent op ed piece on a Lower Hudson Valley website, "Tenants in those units no longer have a right to leases or lease renewals, nor are their rents regulated — the landlords can charge anything they want. It is no longer possible to move into an affordable apartment, at least in Manhattan."

It's important to remember that the law protecting tenants—the Emergency Tenant Protection Act—is not a subsidy program, as many real estate and conservative commentators argue. It is a rent and eviction law, which limits rent increases and prevents unwarranted

evictions.

Tenant groups in the city and in Westchester are now organizing to retain and strengthen the law and keep homes affordable. Methods include lobbying trips to Albany, demonstrations, letter-writing and telephone calling to state legislators.

More information on rent regulation is available at NYS Homes & Community Renewal, the new name of the state's housing agency, <http://www.lohud.com/article/20101128/OPINION/11280325/1076/OPINION01/Join%20the%20fight%20to%20renew+,%20strengthen%20rent%20laws>.

## Stuy Town pioneer, 95, led battle for integration

*Continued from page 6*

at Penn State, because he had been denied tenure at City College, in spite of his colleagues' support. As Bagli noted, "The decision was believed to be connected to his activism at Stuyvesant Town."

Unfortunately, even Penn State forced him out after a year. A Penn State official chastised him for allowing a black family to live in his home, saying that such an action was "extreme, illegal and immoral and damaging to the public relations of the college."

Albert Einstein, a fellow mathematician, joined a thousand students who circulated a petition arguing that Dr. Lorch's dismissal was "unacceptable."

In 1950, Met Life allowed three African American families to live there--and then promptly moved to evict Mr. Kessler (the union organizer), Dr. Lorch, and several others. Two years later, a marshal tried to evict the organizers. But "Hundreds of tenants raced to picket City Hall and MetLife's headquarters. Fearing negative publicity, MetLife eventually agreed to drop the eviction proceedings and accept the Hendrixes, while Dr. Lorch and several others voluntarily agreed to move out."

After that Dr. Lorch lost two other teaching positions--partially because of his activism in defense of civil rights, and partly because he refused to answer questions before the notorious House Committee on UnAmerican Activities. He eventually moved to Canada, where he still lives.

Dr. Lorch does not regret his early activism, in spite of the hardships he suffered because of it. "I would have paid a higher price living with my conscience if I hadn't done it," he said.

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*Charles Bagli's full article can be read at [http://www.nytimes.com/2010/11/22/nyregion/22stuyvesant.html?\\_r=1&src=twrhp&scp=1&sq=Dr.%20Lorch&st=cse](http://www.nytimes.com/2010/11/22/nyregion/22stuyvesant.html?_r=1&src=twrhp&scp=1&sq=Dr.%20Lorch&st=cse)*