

# The Crisis of Mitchell-Lama Buy-Outs

By Andrea Foley-Murphy

Mitchell-Lama is a successful affordable housing program unique to New York State. Between 1928 and 1978 there were 149,000 affordable apartments in 292 developments produced throughout New York State through incentives to owners.

When the program was conceived, in order to make it attractive to landlords a time limit on the obligation to continue to provide affordable housing was part of the agreement. Those limits are up and now landlords may prepay any existing restricted mortgage and give up their tax relief in favor of market rents, or “buy out.” At this point, every Mitchell-Lama is eligible for buy out and roughly 34% of Mitchell-Lama apartments have already left the program.

Mitchell-Lama residents have been organizing in many buildings and in coalition to prevent these conversions and win protections at the building level. Each building situation is unique and the solutions are unique, but only possible through the mobilization of residents.

Tenants & Neighbors has recently received funding to start a Mitchell-Lama organizing project. We are hiring an Organizer to work full time with Mitchell-Lama residents. The organizer will provide organizing support to start or strengthen tenant associations in Mitchell-Lama buildings at-risk of buy out as well as coordinating with the Mitchell-Lama Residents Coalition on achieving policy changes.

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NEWS FROM THE STRUGGLE FOR TENANTS' RIGHTS AND AFFORDABLE NEIGHBORHOODS

# TENANTS & NEIGHBORS

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New York State Tenants & Neighbors Coalition

Spring-Summer 2006

## Tenant Empowerment Act: enacted and in effect!

By Andrea Foley-Murphy

On August 17th the New York City Council successfully overrode Mayor Bloomberg's veto of critical pro-tenant legislation. The council repeatedly expressed their overwhelming support for Intro 186A, the Tenant Empowerment Act, and this historic vote enacted this important legislation.

The Tenant Empowerment Act went into effect on November 15th. It gives tenants living in project-based Section 8 and post-1973 Mitchell-Lama housing developments the right to purchase their buildings to maintain their affordability when the building owner moves to opt out or buy out of the programs.

The New York City Department of Housing Preservation and Development (HPD) was to



Photo: Patrick Coleman

Tenants rally to support the passage of the Tenant Empowerment Act

have promulgated regulations for implementing the law before it took effect on November 15th,

but has yet to do so. However, the in place does not make tenants fact that the regulations are not rights under the law any less real, *Please turn to Tenant Empowerment Act, page 10.*

## Home rule campaign gets a champion New Speaker tackles issue as City Council renews rent laws



Photo: Dan Luhmann, New York City Council

New York City Council Speaker Christine Quinn (left) and Council Member Rosie Mendez (right) announcing legislation to renew rent regulation and a resolution demanding home rule over rents and evictions.

By Michael McKee

Many tenants in New York City are unaware that every three years, the City Council must renew the city rent control and rent stabilization laws, and that the Mayor must sign the rent stabilization bill. (Rent control is renewed by the Council's passing a resolution, with no action required by the Mayor.)

The new City Council that was seated in January faced this issue as soon as the members were sworn in, as the city rent laws had to be renewed by March 31. Newly-elected Council Member Rosie Mendez introduced Resolution 79, renewing rent control, and Intro 118, renewing rent stabilization, both for three more years, until 2009. The Council

voted overwhelmingly—48 to 2—to renew the laws at its stated meeting on March 22. Mayor Mike Bloomberg signed the rent stabilization bill on March 29.

Normally this triennial action by the City Council is routine, even ho-hum. But something was different this time. The new City Council Speaker, Christine Quinn, tied renewal of the rent laws to the campaign to restore to the Council and the Mayor the right to enact stronger laws regulating rents and evictions.

Since 1971, when Governor Nelson Rockefeller pushed the Urstadt Law through the State Legislature, Albany has had complete control over New York City's rent laws. For 35 years, Albany has refused to repeal

the Urstadt Law and give power over rents and evictions back to New York City.

### The Speaker gets out front

On February 1, the first session day that legislation could be introduced, Speaker Quinn introduced State Legislation Resolution 1. Known as a “home rule message,” it calls on the State Legislature and Governor to enact legislation sponsored by State Senator Liz Krueger and Assembly Housing Committee chair Vito Lopez that would repeal the Urstadt Law and return home rule over city rent laws to local officials. Quinn stated that by introducing this measure early, the Council was sending a signal that it intends to fight for home rule.

SLR 1 was assigned to the State and Federal Legislation Committee. The Speaker arranged for a joint hearing, held on March 3, of the Housing and Buildings Committee (to which the two rent law renewal bills had been assigned) and the State and Federal Legislation Committee. Thus Quinn forced Bloomberg administration officials to address home rule (the administration would not have to show up to a separate hearing on SLR 1).

On the same day the Council voted to renew rent control and rent stabilization, SLR 1 was also passed by the same wide margin.

### Department of Housing Preservation and Development: blue skies ahead

The first 90 minutes of the March 3 hearing were consumed by testimony by housing *Please turn to Home Rule page 11.*

# TENANTS & NEIGHBORS

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## Our Mission:

To build a unified and powerful statewide organization that empowers and educates tenants, preserves affordable housing and livable neighborhoods, and strengthens tenant protections.

For more than 30 years, Tenants & Neighbors has organized, advocated, and lobbied on behalf of tenants to preserve and improve our housing. Tenants & Neighbors provides New Yorkers who live in rent-controlled, rent-stabilized, Mitchell-Lama, and Section 8 housing with the information, organizing, and technical assistance to preserve the affordable housing supply, protect our rights, and demand decent conditions in our buildings.

In rent-regulated housing, Tenants & Neighbors organizes and advocates for rent control and stabilization laws, for better enforcement of the laws, and for balanced representation on Rent Guidelines Boards.

In federally subsidized (Section 8) housing, we organize and support tenant associations to win improvements in buildings and preserve affordability.

In state-subsidized (Mitchell-Lama) housing, we work to develop the capacity of tenants and tenant associations to win improvements in buildings and preserve affordability.

We also advocate in Albany and Washington to preserve and improve this affordable housing.

# Michael McKee retires from T&N's paid staff

By Tom Waters

Michael McKee, who helped found Tenants & Neighbors in 1974, has retired from the organization's paid staff, which he joined in 1994.

He will continue to work on many of the organization's activities, but will now devote more time to building Tenants PAC, a political action committee that works to elect pro-tenant candidates to state and local offices.

Natasha Winegar will take over Michael's responsibility for working with the New York City Rent Regulation Leadership Committee of Tenants & Neighbors, developing and carrying out campaigns to strengthen rent and eviction protections in the downstate region.

**"Michael has played a key role in many of the most important developments in the tenant movement."**

## Thirty years of organizing

In his decades of activism, Michael has played a key role in many of the most important developments in the tenant movement. After the state legislature began phasing out rent control and rent stabilization in 1971, Michael joined with Michael Ehrmann of the West Side Tenant Union, Barbara Klopper of Lenox Hill Neighborhood House, Jim Garst of the Mitchell-Lama Council, Roger and Maria Markovics of United Tenants of Albany and other tenant groups across the state to begin a campaign of lobbying and pressure on the state legislature. The groups united around a platform that included restoration of the rent laws as well as reforms that would benefit tenants in areas of the state without rent regulation.

This new emphasis on legislative action transformed the ten-

ant movement and led to the founding of Tenants & Neighbors in 1974. The warranty of habitability law, the election of tenants to public housing authorities outside New York City, and the Senior Citizen Rent Increase

Exemption were among the early results of tenants' new strategic focus. So too was the Emergency Tenant Protection Act, which restored rent control and rent stabilization—even though Tenants & Neighbors and almost all other tenant groups opposed it at the time because it did not go far enough.

Subsequently, Michael joined with Bob Schur and others to create the People's Housing Network, which used foundation funds and resources from the federal Volunteers In Service To America program to develop tenant leaders across the state. Gail Podrazik, now the upstate organizer with Tenants & Neighbors, first became involved through this project, which flourished until President Ronald Reagan summarily cancelled the VISTA contract in 1981.

Michael did not become a member of the paid staff of Tenants & Neighbors until 1994, when the organization undertook a major expansion. Billy Easton became the first paid executive director after the organization secured foundation funding to begin work on project-based Section 8 housing. Michael led the organization's adoption of direct mail and telemarketing techniques, which increased the membership 16-fold, dramatically increasing the organization's ability to apply grassroots pressure on elected officials and creating a fundraising base that is completely independent of presidents and foundation boards.

## New projects

Now Michael will work to bring about another transformation in the tenant movement. With Tenants PAC, he hopes to engage more tenants than ever before in actively working to elect pro-tenant candidates to political office.



Michael McKee at a City Hall press conference.



Michael McKee speaking at a rally for rent regulation.

Until now, many politicians have weighed tenants' votes against landlords' campaign contributions—and the results have often fallen far short of equity for tenants. The goal of Tenants PAC is to force politicians to take tenants' votes more seriously because they will be multiplied by tenants' volunteer efforts and financial contributions to get the word out about which officials side with tenants and which side with landlords.

In many ways, Michael's plans for Tenants PAC are a logical outgrowth of the efforts Tenants & Neighbors has made in the area of voter education. But unlike Tenants & Neighbors, Tenants PAC endorses and actively campaigns for candidates.

## Grassroots mobilizations continue

Political campaign activity is only one of the tools that tenants must use to hold our elected officials accountable. That's why Tenants & Neighbors will continue—and

even increase its activities—educating tenants, putting pressure on elected officials, and organizing demonstrations.

A new staff organizer, Natasha Winegar will take over many of Michael's responsibilities with the Rent Regulation Leadership Committee in New York City. Michael will serve as a member of the committee, along with 30 other seasoned tenant activists.

Michael will also continue to act as the lead organizer for Tenants & Neighbors in Nassau and Westchester counties, and he will continue to provide his technical expertise on the rent laws and other important housing policy areas.

*Tom Waters is a former member of the Tenants & Neighbors staff, a member of the organization's board, and a member of the Rent Regulation Leadership Committee.*

*Michael McKee can be reached at the office of Tenants PAC at 212 577-7001 or at 11 Park Place, Suite 814, New York, NY 10007.*

# Michael McKee

by Katy Bordonaro  
(Tenants & Neighbors Board Chair)

Tenants all over the State of New York are very fortunate that Michael McKee, long-time associate director of Tenants & Neighbors, is their champion. As a New York City tenant leader myself, I am very glad that Michael has been such a successful advocate for my neighbors and fellow tenants.

On a snowy week-end in 1996, I met Michael McKee at the Tenants & Neighbors annual conference. His leadership and knowledge drew me in to the Tenants & Neighbors community. Of course, when a

tenant issue arises in New York, Michael represents our point of view in the media.

When Michael spearheaded the 1997 Rent Regulation protest in Albany, thousands of tenants turned out. As scores of buses left Albany that day, Michael and Martin Brennan, the Tenants & Neighbors Rent Law Campaign Manager, both sun-burned, stood in the parking lot and waved good-bye to all of us—that memory remains a vision of Michael's determination to stand up personally for the benefit of all.

When I joined the Tenants & Neighbors Board in 1999, I had opportunities to work

closely with Michael and witness his devotion to protecting tenants. He spends countless hours working, strategizing, empowering—sometimes forgetting to take care of himself while he is watching over the rest of us.

Like others, many of the things I have accomplished as a tenant leader have come from the knowledge and approach that Michael has shared so generously with us. Although Michael's role at Tenants & Neighbors is changing, we know his commitment is constant. We expect to work with Michael for a long time to come to protect and improve the lives of tenants throughout the state of New York.

# Bush's HUD Budget Proposal: Section 8 Spared? At What Cost?

By Patrick Coleman

President Bush submitted his budget request for Fiscal Year (FY) 2007 to Congress on February 6, 2006. On the surface, the funding proposal seems to spare Section 8, but may actually cut nearly 2,000 NYC Section 8 vouchers. The environment created by this budget will force Congress to make very difficult decisions about cuts to HUD programs; while Section 8 may not be explicitly targeted, the 1.8% cut to the entire HUD budget will trickle down to all HUD programs.

While analysts are still reviewing the full ramifications of this budget, the Center on Budget and Policy Priorities (CBPP) and the National Low Income Housing Coalition (NLIHC) have produced initial reviews. This report is based largely on their work.

## Tenant Based Section 8 Vouchers

Contrary to the previous three years, the proposed FY '07 budget calls for a \$15.9 billion, 3.3% increase in funding for the Section 8 voucher program.

However, the budget request proposes a new formula for calculating the funding needs for each public housing authority (PHA), the local agencies that administer the Section 8 voucher program. This formula bases each PHA's funding allocations on voucher expenses from May—July 2004, plus an inflation adjustment. So while the CBPP estimates that the funding request should be enough to continue assistance to the families that currently have a voucher, the CBPP anticipates that this formula will result in insufficient Section 8 voucher funding for many PHAs and an excess of funding for others. The CBPP's preliminary estimate is that funding for 2,409 Section 8 vouchers in New York will be lost as a result of this funding formula.

## Tenant Protection/Enhanced/Sticky Vouchers

Bush requested \$149 million to fund tenant protection, often called enhanced or sticky, vouchers. This is a \$30 million cut from the FY '06 appropriation, and would fund an estimated 21,890 vouchers to assist tenants in buildings where owners terminate other affordability programs—such as when owners opt-out of project-based Section 8 contracts or prepay their HUD-mortgages. The President also suggested that additional un-obligated funds be used to pay for more tenant protection vouchers. This unique request indicates that more tenant-protection vouchers will be needed, in addition to those that will be funded by this request.

The President's budget request also calls for a policy shift with regard to the allocation of tenant

protection vouchers. Previously, tenant protection vouchers were issued to replace the total number of affordable apartments lost as a result of owners' actions. The President is now requesting that tenant protection vouchers be awarded only to replace the number of units currently leased at a building when owners take actions to terminate the affordability. Adoption of this policy shift will result in a more rapid loss of affordable homes.

## Project-Based Section 8

The proposed budget requests \$5.6 billion to fund project-based Section 8 contract renewals. HUD estimates that this will provide sufficient assistance for all contracts in the coming year.

## Public Housing

The budget proposes a drastic cut in public housing capital funds, which pays for structural needs of public housing developments. This fund would be cut by \$2.1 billion, a decrease of 10.7% from FY '06, and would exacerbate a national backlog of public housing renovation needs already estimated at \$20 billion.

To cover public housing operating costs, the President requests \$3.5 billion—the same amount appropriated by Congress in FY '06. The National Association of Housing and Redevelopment Officials estimates that this request would cover only 81% of PHAs' actual operating needs.

## Housing for the Elderly and Disabled

The budget proposal for Section 202 housing for the elderly amounts to a 26% cut; the Section 811 program, which provides housing for disabled families, is to be cut by 50%. These cuts would not affect funding for existing 202/811 buildings, but would severely hinder the possibility of new construction of affordable housing for the elderly and disabled.

## Community Development Block Grants (CDBG)

Bush also proposes a \$736 million cut for the CDBG program. The NLIHC estimates that 24% of CDBG funding is used by local governments for affordable housing purposes. It is commonly used to pay for housing code inspections, to provide technical assistance to tenants and to facilitate sales to preserve affordable housing.

## The Bigger Picture

After three years of fighting Bush's devastating budget proposals for the Section 8 program, the modest increase in the FY '07 budget may elicit a sigh of relief.

Shifting the target this year, Bush proposes deep cuts to public housing, Section 202/811 housing and CDBG. But this proposal doesn't mean that Section 8 is safe. In fact, the funding request creates a very dangerous environment for the housing community. We need to unite in opposition to the entire HUD budget proposal.

The budget process makes it possible for some of these cuts to be transferred to other programs. Congress may agree on a big total cut to HUD and then go back to work on distributing the cuts among HUD programs. The programs that end up being cut may

be—almost certainly will be—different from the original proposal. As the housing community fights to fill the funding gaps in some programs, those holes may be plugged by taking funding from other programs, such as Section 8. Tenants need to stay organized and aware as the budget process moves forward.

Be certain to call your elected officials to make sure that housing programs for the poor are not cut. Most elected officials in New York have been good on these issues; some, such as Senator Schumer and Representatives Velazquez and Nadler, have

fought hard for Section 8. Some, such as Senator Clinton, have not.

So for yet another year, the President's budget proposal creates a funding environment designed to force Congress to make extremely difficult decisions about programs that assist poor Americans. While Bush's request calls for a 0.5% cut to all non-security programs (the HUD budget would be cut by 1.8%), the budgets for the Departments of Defense and Homeland Security would be increased by 6.9% and 3.3% respectively. The Bush Administration misses what millions of tenants and other Americans know: Homeland Security Begins With A Home

## Natasha Winegar, our new Rent Regulation Coordinator

Natasha Winegar, (she says Winegar is pronounced like vinegar) is Tenants & Neighbors' new Rent Regulation Coordinator following Michael McKee's retirement from our paid staff (see previous page.)

Natasha comes to us from organizing low-wage nursing home employees and home health care aides for SEIU Local 1199 in New Jersey. "I was working with workers that were being completely taken advantage of, being paid \$7 to \$10 an hour. They were working up to 20 hours a day just to put food on their table and pay their rent. These workers were in the health care industry but they didn't have health insurance. We were trying to organize and form a union so that workers could actually earn a living wage."

Affordable housing was very important to the people she was organizing. "Workers would often commute 45 minutes to a nursing home because they couldn't afford to live in the community where it is located. They commute from Newark and Union City to work in a nursing home very far away because there is no housing in that area they can afford."

Natasha has also worked on political campaigns, including the Kerry Presidential Campaign and the Jon Corzine Gubernatorial Campaign. "I feel it's important to have that experience working in campaigns and seeing how they actually work. Politicians, policies, and laws affect everything that we do. Working on campaigns is important to getting people in power who will actually do what we need them to do."

She learned Spanish living in Nicaragua for four months. "I lived with a family in Managua for



Photo: Patrick Coleman

Natasha Winegar is Tenants & Neighbors' new Rent Regulation Coordinator

most of my time there. Then I spent about a month on my own in a smaller town called Matagalpa(?) working with a non-profit on women's health care issues and doing research on midwives."

Natasha says, "I know I have very large shoes to fill at Tenants & Neighbors. I'm not going to become another Michael McKee overnight. I'm not planning to become anyone else, but someday I hope that I can have as much knowledge and be as effective as Michael."

Her immediate priority is to get to know people. She says her goal is "to get more people involved and build a stronger tenant movement. That will help us win our larger goals of ending vacancy decontrol and winning home rule so that we can have affordable housing."

## Victory in eviction fight over "owner use"

By Michael McKee

The tenants of 47 East 3rd Street have won an important victory in their fight to prevent their landlords from emptying the 15-unit building to convert it to a single-family mansion with five bedrooms, six bathrooms, a gym, a library, a nanny suite, and a two-story living room.

In a March 6 ruling, State Supreme Court Justice Faviola A. Soto granted the tenants an injunction, prohibiting the landlords from terminating tenancies or bringing eviction proceedings. Landlords Catherine and Alistair Economakis had attempted to evict the tenants under the "owner use" loophole allowing a landlord to take over "one or more" rent-stabilized units for their own use.

The tenants claimed that this was actually an attempt to withdraw the building from the rental market, which requires approval by the Division of Housing and Community Renewal. Justice

Soto agreed. Her order states that the landlords "... violated the Rent Stabilization Law and Code by unilaterally attempting to withdraw the entire building from the rental market without first obtaining permission from the DHCR to do so."

While this victory is extremely significant, the landlords will probably appeal. The tenants need donations to their legal defense fund: send checks to "47 East 3rd Street Tenants Association," c/o David Pultz, 47 E. 3rd Street, Apt. 2, New York, N.Y. 10003.

Or go to [www.PayPal.com](http://www.PayPal.com) to contribute online using their email address: [47e3st@gmail.com](mailto:47e3st@gmail.com).

This case is important to many tenants who are fighting landlord attempts to empty whole buildings, allegedly for use by themselves or their families. The owner use mechanism is one of the worst loopholes in the rent stabilization system, and a perfect illustration of why New York City needs home rule over its own rent laws.

# Report from the Executive Director: Jumaane D. Williams



It's been just over a year since I joined the Tenants & Neighbors family. During that time I'm proud to have seen the accomplishments and milestones of this great organization grow due to a dedicated staff and you our members.

This year we have won critical victories from the passage of the Tenant Empowerment Act to City Council passage of a Home Rule messages for the second year in a row. Just in the last month, in addition to passing the Home Rule message, the City Council renewed the rent laws in full.

This year we must stand together to make sure that the Tenant Empowerment Act is defended against lawsuits and fully funded, and that the Mayor gets on board to repeal the Urstadt Law. We need to make sure that all of our issues are in the forefront of the upcoming gubernatorial race and state legislative elections.

I'm excited to report that we recently received funding to hire an organizer to work exclusively with Mitchell-Lama buildings facing buy-outs. The organizer will work with the Mitchell-Lama Residents Coalition to preserve these buildings.

Tenants & Neighbors is currently going through perhaps one of its biggest milestones in recent years. After over 30 years of dedicated service to the organization, our co-founder and Rent Regulation guru, Michael McKee, retired late last year. Michael's expertise and dedication to the preservation of Rent Regulation and the

tenant movement in general is unsurpassed. While he will be sorely missed, our members can rest assured that Tenants & Neighbors is carrying on.

Even in retirement, Michael is still moving forward. He now spends his time with the Tenants Political Action Committee (Tenants PAC), which he founded. Michael is also still involved with T&N. He volunteers his time to us organizing tenants in the surrounding suburbs, and still provides technical assistance to staff. Most importantly he has agreed to help train his successor, Natasha Winegar.

We are pleased to welcome Natasha to our staff as the new Rent Regulation Coordinator (see page 3). Natasha comes to us by way of the SEIU of New Jersey where she organized Home Health Aides and nursing home employees. We look forward to the exciting new ideas and energy she will bring to the tenant movement.

Also, this year for the first time since 1996, by-laws changes are being proposed to our members, for a vote at our annual meeting May 20, 2006. These changes are aimed at increasing our board capacity. A synopsis of the proposed changes can be found on this page.

As you can imagine there is a lot on our plate. However, you the members have never let us down, and we still need your support. Our work cannot go on without your help. I ask that you please consider making an additional contribution at this time, using the form on page 9. Every dollar helps in our work to preserve affordable housing. I thank you sincerely for your continued support and look forward to seeing you on May 20th for our annual meeting.

## Changes to Tenants & Neighbors By-Laws

For the first time since 1996, by-laws amendments to the New York State Tenants & Neighbors Coalition are being proposed to members for a vote at this year's annual meeting.

The first proposed amendment replaces an outdated structure of admitting organizational members.

The three remaining proposed amendments are aimed at strengthening board capacity by:

- Increasing the board size from a total of 11 to 15 members
- Increasing the length of consecutive service from 4 to 8 years
- Creating a mandatory a funding commitment, for board members, with the amount to be decided by each board

All the proposed amendment changes were approved to be voted on by members at a board meeting held on March 18, 2006

### The following is the exact language proposed:

**Article III, Paragraph 2. Shall Now Read:** The Executive Director shall review all applications from organizations seeking membership and shall decide on all such applications for admission. The Executive Director shall have the power to reject such applications with the consent of the Board of Directors. The Board of Directors shall set the organizational *dues schedule*.

**Article VII, Paragraph 1, Shall Now Read:** Six (6) members of the Board of Directors shall be elected by the General Membership at duly scheduled General Membership Meeting in 2006. One (1) of these directors shall be elected to an initial three (3) year term and five (5) shall be elected to two (2) year terms. Four (4) members previously elected to two (2) year terms shall continue in office. Thereafter, five (5) members shall be elected at each Annual General Membership Meeting to terms of two (2) years. Elected members shall not serve for more than four (4) consecutive terms.

**Article VII, Paragraph 3, First Sentence, Shall Now Read** Five (5) Directors shall be appointed to the Board by majority vote of the Board of Directors.

**Article VII, Paragraph 12, Shall Now Read** Each year the board shall determine a commitment expected from each board member of financial contributions and/or volunteer hours in addition to core board activities. Board members shall sign a commitment letter and at the end of the year the Board shall review each member's satisfaction thereof

There will be a presentation and of the by-laws open for discussion and a membership vote at the annual meeting, Saturday, May 20, 2006.

To have your voice heard be sure to attend!

## Obituary

### Dawn Sullivan

1936-2005

Dawn Sullivan, head of the East Side Tenants Coalition for more than two decades, died September 12, from emphysema. She was 69.

A native of Sydney, Australia, she relocated to New York City in 1957 to pursue a career in theatre and modeling. After some success including a role with Whacky the Wallaby, she married Tim Sullivan, great-grandson of Big Tim Sullivan of Tammany Hall and a writer whose 1979 novel *Glitter Street* was well received.

In the late 1970s Dawn became a tenant activist, fighting the landlord of her building on East 80th Street and joining forces with other neighborhood leaders to launch the East Side Tenants Coalition. She was absolutely dedicated to tenants' rights and willing to help anyone with a problem, even if they did not live on the East Side. It is no exaggeration to say that over the last 25 years Dawn helped hundreds of tenants avoid eviction, and hundreds of others get repairs.

Dawn was not your scruffy activist: perfectly coiffed, carefully applied foundation and lipstick, high heels, a stylish dress (often bought at a thrift shop), and the ubiquitous string of pearls. At a two-day Tenants & Neighbors legislative conference in 1982, on



Dawn Wilkinson in 1961, shortly before marrying Tim Sullivan

the second day one of the buses was 25 minutes late leaving the motel to take people back up the hill to the Capitol—waiting for Dawn to finish her hair and makeup. She spent the next five hours energetically leading a delegation of tenants in meetings with legislators.

Among other neighborhood fights, Dawn was instrumental in the successful campaign to save the historic City and Suburban Homes complex from demolition at the hands of developer Peter Kalikow.

From 1985 to 1991, Dawn was on the board of Tenants & Neighbors. She is survived by her three children, Tyrone Sullivan, Stephanie Stavrides, and Brendan Sullivan, and by several cousins in Australia. Her husband Tim died in February 2005.

## The United Tenants of Albany and the Albany Community Land Trust

In the New York metropolitan area like a lot of smaller cities outside the New York metropolitan area Albany has been rediscovered by real estate speculators. The stock market and other types of investments are not as lucrative, so wealthy individuals and corporations are looking for cheap real estate deals for quick profits. The objective for all these deals is the same: quick profits based purely on paper transactions without any real improvements.

Business and civic leaders generally approve of this speculative activity because it increases property values. However, the profits generated are not reinvested in the community in more housing production or improvements in housing conditions. More devastating is the residue of higher housing prices. Homeowners initially believe this is good when they put their homes up for sale, but they actually lose when the homes they move to are more expensive to buy. So the real losers are tenants who just pay more for their apartments—the same apartments that had lower rents before speculators drove up real estate prices. And the majority of people in Albany (approximately two out of three) are renters.

Rent control is obviously the most effective method of protecting tenants from rent gouging when speculators drive up housing prices and rents. Unfortunately, New York State requires approval of rent control for any locality by the state legislature, and long standing divisions in the state legislature have simply made this politically infeasible. Affordability protections in state and federal housing subsidy programs are only available for a limited time. When these protections expire after a number of years it requires a lot of political leverage (and more public subsidies) to maintain affordability.

The *community land trust* mechanism is the most effective method of controlling affordability because community residents (local tenants and homeowners) have the ability to regulate the resale of properties developed with housing subsidies through community control of land. A *community land trust* controls housing affordability for numerous generations—far beyond the lifetime of current subsidy protections—and is independent of the local political structure. Thus, the United Tenants of Albany is a strong supporter of the Albany Community Land Trust.

# Bloomberg removes tenant-sympathetic public member from rent board

By Michael McKee

Only days before the first 2006 meeting of the NYC Rent Guidelines Board on March 28, Mayor Mike Bloomberg removed the only public member who has shown a concern about affordability.

Architect Martin A. Zelnik, the only public member in the 35-year history of the RGB to vote for a rent freeze, was notified on March 22 by a phone call from Andrea Shapiro Davis, the mayor's appointments secretary, that he would not be reappointed to the board.

Zelnik is the only one of Bloomberg's five public members who has shown genuine intellectual curiosity about the board's

RGB, or why Zelnik was not reappointed. After all, this is the mayor who a few years back told a candidate for the RGB, "I don't know what the Rent Guidelines Board does, but I wish you good luck."

## Two new public members

The RGB has two new public members, Jonathan L. Kimmel and Leslie Wright. (A second vacancy was created when Elizabeth Lusskin recently resigned; Bloomberg then appointed her as a public member of the NYC Loft Board).

Kimmel is counsel at Sanders & Deconinck, LLP, and formerly an official of the Teachers' Retirement System. He is also a former



Mayor Bloomberg has removed the only public member of the New York City Rent Guidelines Board who ever voted against a rent increase.

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## "Now that Bloomberg is in the first year of his final four-year term, tenants can expect the worst from his Rent Guidelines Board"

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subject matter. He is the only public member who has accepted invitations by community groups to go on neighborhood tours to see problems first hand.

On his own initiative, Zelnik visited several Single Room Occupancy buildings, where he saw that landlords were pushing stabilized tenants out in order to rent to tourists and students at much higher rates. Two years ago he persuaded three other public members to join him and the two tenant members in freezing rents in SROs and hotels—a move that angered RGB chair Marvin Markus, who wanted SRO landlords to get rent increases despite their misconduct.

Best estimates are that there are fewer than 35,000 SRO units left in the city, down from an estimated 150,000 in the 1950s. SRO tenants are the poorest in the city.

But it was Zelnik's vote last year for a rent freeze for one million rent-stabilized apartments that sealed his fate. This motion for zero guidelines failed on a 6-3 vote. Zelnik stated that he knew the motion would fail, but that he was voting for it to send a signal about the anti-tenant bias built into the guidelines system. This gesture was too much for Markus, the RGB Chair, who engineered Zelnik's removal with the help of the mayor's appointments secretary.

Mayor Bloomberg is notorious for delegating decisions to his staff, and it is reasonable to assume that he is not fully aware of who he has appointed to the

Koch administration official, a fact not mentioned in the Mayor's March 23 news release announcing the appointments. Wright is a senior associate at Marcus Attorneys where she specializes in real estate transactions. She was for nine years senior counsel at the NYC Law Department.

The terms of two other public members, Betty Phillips Adams and Gale D. Kaufman, have not yet expired. The chair is a public member who serves at the pleasure of the mayor rather than a fixed term.

Bloomberg also reappointed Adriene L. Holder and David D. Pagan as tenant members, and Harold A. Lubell and Steven J. Schleider as landlord members. All appointments are made by the mayor, without approval of the City Council.

It remains to be seen how either of the two new public members will perform. Except for their rebellion on SROs, Adams, Kaufman and Lusskin consistently voted in lockstep with the chair.

## Marvin Markus unleashed

Markus, known to tenants as Marvin Mark-up for championing rent increases, was RGB chair for five years under Mayor Ed Koch, and is now in his fifth year as Bloomberg's chair. An investment banker at Goldman Sachs, he is extremely knowledgeable about housing but unconcerned about whether tenants can afford the rent increases he engineers. He is rude and dismissive,

referring to tenant advocates who attend RGB meetings every year as "season ticket holders."

Markus is amazingly manipulative of the RGB process. Rather than allow other members to make motions, his style is to offer them himself, knowing in advance that he has the votes lined up to adopt what he wants. Heavy handed, to say the least.

For the last two years Markus has introduced a new wrinkle, engineering a preliminary vote for a "range" of rent increases instead of actual numbers—last year's preliminary vote was for a

range of 2 to 4.5 percent for one-year lease renewals and 4 to 7 percent for two-year renewals. This made it hard for anyone to criticize the preliminary guidelines, and gave Markus lots of room to line up the votes to pass the final guidelines. He isn't subtle about any of this.

The final vote came in on the low side last year—2.75 and 5.5 percent—only because Bloomberg was running for re-election. Now that Bloomberg is in the first year of his final four-year term, tenants can expect the worst from his RGB chair.

The preliminary vote is scheduled for Monday, May 8 and the final vote for Tuesday, June 27, both at Cooper Union in Manhattan. Two public hearings are set, the first on Monday, June 19, from 4:00 to 10:00 pm at Hostos Community College in the Bronx, and the second on Thursday, June 22, from 10:00 am to 6:00 pm at Cooper Union. (Schedule subject to change. Check with the RGB at (212) 385-2934, ext. 11, or on the RGB's excellent web site, [www.housingnyc.com](http://www.housingnyc.com).)

## Rent Guidelines Board Hearing

The Rent Guidelines Board is back. This year they may try to impose the largest, most unfair, rent increases in two decades. If tenants don't want a huge increase we need to come to the Rent Guidelines Board hearings and make our voices heard:

### The hearings will be held:

#### Wednesday, April 26

9:30 am – 12:00 pm  
The Great Hall at Cooper Union  
7 East 7th Street, New York, NY

#### Monday, May 8 (preliminary vote)

5:30 pm – 9:30 pm  
The Great Hall at Cooper Union  
7 East 7th Street, New York, NY

#### Monday June 19 (tentative)

4 pm – 10 pm  
Main Theater  
Hostos Center for Arts & Culture  
450 Grand Concourse, Bronx, NY

#### Thursday, June 22

10 am – 6 pm  
The Great Hall at Cooper Union  
7 East 7th Street, New York, NY

#### Tuesday, June 27 (final vote)

5:30 pm – 9:30 pm  
The Great Hall at Cooper Union  
7 East 7th Street, New York, NY

# Mother Zion Tenants Win

By Mary Kolar

Tenants at Mother Zion—McMurray Apartments in Harlem—recently scored an important victory towards preserving the affordability of their homes. Mother Zion has a project-based Section 8 contract, which has maintained the building as affordable housing for over 20 years.

Many of the current tenants have lived in the building that long, and a real sense of community has developed. But the expiration of the building's project-based subsidy is jeopardizing this affordability, and with it, this sense of community. Tenants at Mother Zion first learned of the building's expiring Section 8 contract, which was set to run out at the end of February, this past November, when they began working with Tenants & Neighbors and the West Side SRO Law Project. They quickly realized that their landlord had not provided the required notice that the Section 8 contract was expiring.

When a project-based Section 8 contract is set to expire and the owner is considering not renewing it, they are required, by HUD regulations to issue every tenant with a notice of intent at least one year in advance.

The tenants recalled that they had indeed been issued this notice. But it had been confusing—coming about 15 months before the contract was to expire, and indicating an incorrect expiration date. The newly formed Mother Zion Tenant Association began outreach to their landlord and management company, HUD, and their elected officials. They argued that the purpose of the regulation is to keep tenants informed about the status of their homes, and that a misleading letter with inaccurate and unclear information could not fulfill this purpose.

Many tenants immediately recognized the importance of coming together to fight back. Deborah Taylor Low, a Mother Zion tenant leader, said, "The more people get involved, the more we are heard — we have a stronger voice as a whole." Their voice became strong enough for HUD and the management company to hear.

After several months of organizing and hard work, this dedicated group won an exciting victory. On February 9, just 20 days before the contract was set to expire, HUD informed Tenants & Neighbors and the tenants that they had convinced the

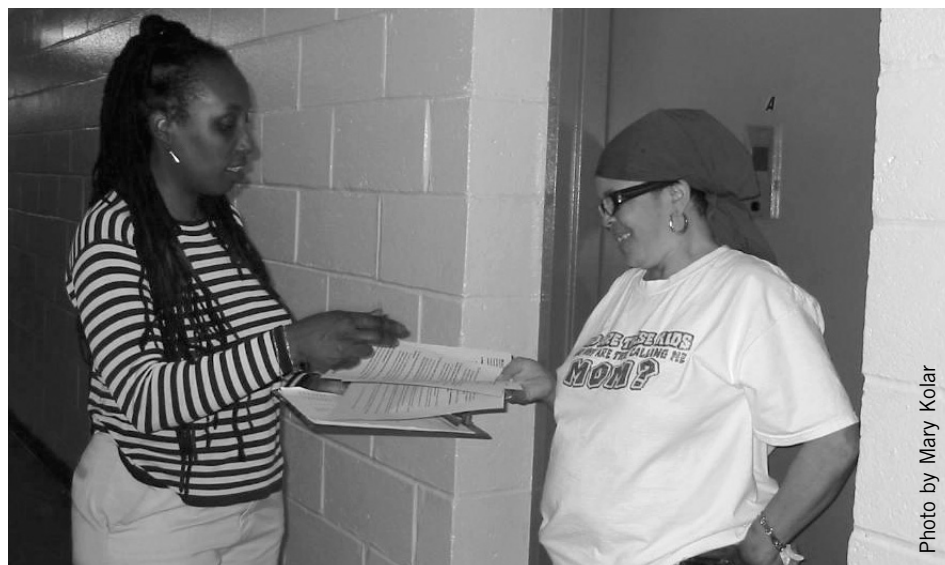


Photo by Mary Kolar

Deborah Taylor Low (l) and Olivia Loggins (r) are tenant leaders at Mother Zion apartments in Harlem where Section 8 tenants have won an important victory with help from Tenants & Neighbors

landlord to issue new and accurate notices of intent to every tenant, thereby extending the Section 8 contract for another year.

The Mother Zion Tenant Association knows that the struggle is not over. But with this additional year, they have gained more time to organize and better chances at preserving the affordability of their

homes. As Deborah Low said, "We've won a short-term victory—and we have to keep going. We have to work just as hard to win a long-term victory. We have another year now and we're grateful for that, but we have to take this one step at a time, and find a way to preserve our homes long-term."

## HUD Subsidized Building Victories

By Mary Kolar

Throughout the fall and winter, tenant groups in Section 8 buildings throughout the City won important victories to keep their homes affordable.

### Tenants in 3 Boroughs Unite

Tenant associations in three boroughs united as the New York City Tenants Alliance and worked to preserve the affordability of their homes and fight for greater tenant oversight of their developments. All their developments are owned by non-profit corporations originally set up by the Catholic Archdiocese with parish priests on their Boards of Directors.

The NYC Tenants Alliance is composed of tenants from George Hardy Apts., St. Francis Apts. and West Farms in the Bronx, Grand Street Apts. and Haven Plaza on the

Lower East Side, and Riverdale and Osborne Towers in Brooklyn. Tenants & Neighbors, together with Mothers on the Move, Urban Homesteading Assistance Board, and Good Old Lower East Side is providing support to the tenant associations.

After learning that the owners did not intend to renew the project-based Section 8 subsidy when it expired in January 2006, tenants organized tenants associations and united to demand long-term affordability, improved conditions and greater tenant oversight. After being approached by the tenant association, the owners all eventually agreed to renew the Section 8 contracts for one year, except for Riverdale and Osborne Towers, which was renewed for five years.

Tenants continue to struggle for long-term affordability and their other goals. The

coalition requested a meeting with representatives of the Archdiocese in November. As of the press date the Archdiocese had not agreed to meet with the tenant coalition.

### St. Nicholas Manor—Harlem

In January, the St. Nicholas Manor Tenant Association in Harlem won a five-year Mark-up-to-Market renewal for their Section 8 contract. When the tenants received letters in January 2004 indicating that their landlord wanted to opt-out of the Section 8 contract, they organized and petitioned the landlord and management company to work towards a long-term renewal.

Tenants reached out to elected officials and community groups to pressure the landlord to renew. After learning that the building had been sold, tenants organized a meeting with the new owner to discuss a

renewal of the contract. This December, tenants finally got word from HUD that the Section 8 contract would be renewed through HUD's Mark-up-to-Market program. Thanks to the tenants' year of hard work, St. Nicholas Manor will remain affordable for five more years!

### Lincoln Residence—Brooklyn

In Brooklyn, tenants at Lincoln Residence also won a five-year contract renewal. After getting the owner's one-year notice of intent to opt-out of the Section 8 contract, tenants came together as the Unified Lincoln Place Tenant Association. They won the support of Council Member Letitia James, and eventually won a five year extension of the contract. Tenants are now focusing on addressing the development's physical condition—a significant problem.

## Tenants with disabilities should apply for rent increase exemption

The new program to freeze rents of tenants with disabilities is in effect in New York City and Yonkers. As Tenants & Neighbors went to press, Mount Vernon was also weighing opting into the Disability Rent Increase Exemption (DRIE) program.

To be eligible, a tenant or the spouse of a tenant in rent-controlled, rent-stabilized, or Mitchell-Lama apartments must be receiving one of various forms of government-provided financial assistance to persons with disabilities. Tenants receiving SSI are automatically eligible. Those receiving other forms of assistance must have annual household incomes below \$17,580 (individuals) or \$25,212 (couples), with a sliding scale of eligibility for larger households. The income limit can be higher if an applicant has impair-

ment or blind work expenses.

Tenants in apartments owned by a limited dividend housing company, redevelopment company, or housing development fund company are also eligible, as are those in buildings where the mortgage was federally insured under Section 213 of the National Housing Act, and the applicant was a tenant of record at the time of the mortgage termination.

Tenants must be paying a rent greater than one-third of household income, or facing an increase that would bring them to that level. If eligible, the tenant's rent is frozen—not rolled back.

In New York City, the program is administered by the Department of Finance. For an application, write to NYC Department of Finance, DRIE Exemptions, 59 Maiden

Lane, 20th Floor, New York, N.Y. 10038. Or call 311, or download an application from the City's website, [http://www.nyc.gov/html/dof/html/property/property\\_tax\\_redu\\_c\\_drie.shtml](http://www.nyc.gov/html/dof/html/property/property_tax_redu_c_drie.shtml).

The tenant does not have to wait until she is facing a rent increase, but can apply at any time. Early enrollment is advised, as eligibility can be established before the next rent hike rears its ugly

head. Some tenant and disability rights organizations are helping tenants with applications, as are some legislative offices and the Mayor's Office for People with Disabilities. MOPD can be reached at (212) 788-2830 or (212) 788-2838.

In Yonkers the program is administered by the state Division of Housing and Community Renewal. Two non-profit organizations, CLUSTER Housing

Resource Center (914-376-0438, Spanish speaking) and Westchester Disabled on the Move (914-968-4717), have application forms and can help tenants fill them out, as will the Yonkers City Council (914-377-6311/6060) and the Office of Constituent Services (914-377-6010, Spanish speaking). DHCR can be reached at 55 Church Street, White Plains, N.Y. 10601, 914-948-4434.

In New York City	In Yonkers
<p><b>NYC Department of Finance DRIE Exemptions</b> 59 Maiden Lane, 20th Floor New York, NY 10038</p> <p>Or call 311 or download forms from the city's website</p> <p><b>Mayor's Office for People with Disabilities (MOPD)</b> 212-788-2830 or 212-788-2838</p>	<p><b>Division of Housing and Community Renewal</b> 55 Church Street, White Plains, NY 10601 914-948-4434</p> <p><b>Yonkers City Council</b> 914-377-6311/6060</p> <p><b>Office of Constituent Services</b> (Spanish speaking) 914-377-6010</p>
	<p><b>Two non-profit organizations have application forms and can help tenants fill them out</b></p> <p><b>CLUSTER Housing Resource Center</b> (Spanish speaking) 914-376-0438</p> <p><b>Westchester Disabled on the Move</b> 914-968-4717</p>

# HUD Undermines Affordable Housing

Patrick Coleman  
& Dina Levy

For several years, Tenants & Neighbors has reported on tenant struggles to preserve affordability and improve the living conditions in 'troubled' HUD buildings targeted for enforcement action from the Bronx to Rouses Point, NY. Yet these issues extend far beyond New York and have been at the center of preservation efforts in the HUD tenant movement for years. Across the nation, tenants and advocates have struggled to win HUD's support to save these buildings as affordable housing. This article provides some perspective on the issue.

Nationally, there are approximately 1.7 million apartments privately owned and subsidized by the HUD to provide affordable housing for low and moderate income families. When owners neglect their responsibilities to properly maintain these properties, HUD has a variety of tools to either prompt improvements or force a change in ownership.

However, the Department's enforcement actions to resolve problems in such 'troubled' or 'distressed' housing has often baffled HUD tenants and advocates. HUD has often acted in a manner which makes rehabilitation and long-term preservation of these affordable housing resources extremely difficult.

## Types of HUD Enforcement for 'Troubled' Properties

HUD's enforcement strategies vary according to the building's subsidy type.

Where buildings are subsidized by a project-based Section 8 contract, HUD's powers are usually limited to suspension and/or termination of the contract. Poor conditions are the most common cause of such actions.

The Department's enforcement powers are more expansive for buildings with HUD subsidized and/or insured mortgages, such as the 236 or 221(d)(3) mortgage programs. In these buildings, if the owner defaults on their mortgage payments or does not properly maintain building conditions, HUD may take over building management temporarily, make interim repairs, and eventually foreclose on the mortgage. HUD also may pursue foreclosure whereby HUD can become the temporary owner, implement repairs, and transfer ownership to a new, hopefully more responsible, owner. Alternatively, HUD may hold a public foreclosure auction where the building is sold to the highest bidder. If structured in the proper manner, the foreclosure process can implement a

comprehensive repair plan and keep the building affordable.

## HUD Undermines Affordable Housing

However, in the last decade, HUD's enforcement actions often seem intent on removing any government regulatory oversight. Such deregulation often results in the termination of long-term affordability and provides little assistance to ensure proper rehabilitation—frequently a dire need after the negligent care of the former owners and HUD.

Many HUD tenants and advocates believe that the Department has exploited its 'flexible authority,' granted by Congress through legislative revisions in 1994 and 1995, to 'dump' properties on the market with few protections for tenants or affordable housing. Ironically, HUD requested such 'flexibility' to broaden preservation opportunities. However, HUD has used its 'flexible authority' powers to do things such as terminate project-based Section 8 contracts, which ends the long-term affordability of a building, and foreclose/transfer properties without adequate repairs and/or other needed restrictions.

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**"HUD has often acted in a manner which makes rehabilitation and long-term preservation of these affordable housing resources extremely difficult."**

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Indeed, since the passage of this 'flexible authority' statute, HUD has minimized efforts to take ownership of these occupied buildings. Instead, foreclosures have occurred without the Department qualifying prospective buyers, without consideration of responsible disposition plans, and without providing funds to ensure future affordability. In cases where HUD does take ownership of buildings after foreclosure, the Department has pursued subsequent sales without requiring use-agreements or subsidies to ensure long-term affordability.

In the mid-1990s, HUD decided to terminate all project-based Section 8 contracts at foreclosure and to replace the subsidy with tenant-based Section 8 vouchers. This reckless administrative policy ends the building's use as affordable housing for future low-income families.

By 2000, more than 26,000 units of affordable Section 8 housing had been lost. Alarmed, Senator Christopher Bond (R-MO) sponsored legislation that requires HUD to retain project-based Section 8 contracts at foreclosed buildings occupied primarily by elderly or disabled households. With the exception of buildings protected by the Bond Amendment since 2000, all buildings foreclosed upon with project-based

Section 8 contracts have had their subsidies converted to vouchers.

The consequences for residents due to this administrative HUD policy can range from inconvenient to life-shattering. To begin with, every resident is forced to reapply for a tenant-based Section 8 voucher. In some cases, families are denied the replacement voucher due to problems with family size, criminal background checks, or simple mistakes in application processing. Those who qualify for the vouchers often face the challenge of relocating because their apartments failed to pass inspection—a common problem at buildings that are targeted for foreclosure. The subsequent loss of affordable housing for low-income families due to this policy cannot be overstated. Since 1996, HUD has foreclosed on buildings housing more than 120,000 apartments.

## 'Troubled' Housing Becomes a Crisis in NYC

In July of 2003, HUD sold the Pueblo De Mayaguez Apartments, a 76 unit building in the South Bronx at public foreclosure auction. Despite tenant protests, HUD sold the building to an unqualified speculator with a

chilling housing record of 1500 outstanding code violations on a modest 150 unit portfolio. Tenants received Enhanced Section 8 Vouchers from HUD which financed the new owner's speculative conversion to high market rents. This fiasco brought the crisis of troubled housing and HUD enforcement action to the forefront of NYC affordable housing preservation efforts.

After Pueblo, Tenants and Neighbors, the Urban Home-steading Assistance Board (UHAB) and several other NYC allies determined how many units of affordable housing in NYC were at similar risk. They identified 14 HUD-subsidized buildings in NYC slated for public foreclosure auction and more than 60 other buildings, serving close to 19,000 families, potentially at risk due to conditions problems and/or financial default on HUD mortgages.

The campaign to preserve the first 14 buildings required broad-based efforts from a coalition of partners including tenants, organizers, legal service providers, affordable housing lenders and development experts. The residents of Gates Patchen Apts, for example, a severely distressed 104 unit property located in Bedford-Stuyvesant, began their organizing campaign with the help of Tenants and Neighbors in Octo-



ber of 2003 after receiving a foreclosure notice from HUD. After a 2-year effort with on-going development support from UHAB, legal assistance by South Brooklyn Legal Services, political support by the NYC Department of Housing Preservation and Development and members of the New York Congressional delegation, tenants' efforts resulted in the preservation of their homes as an affordable limited-equity co-op.

Tenants have won similar victories at Logan Gardens and Ennis Francis Apartments in Harlem, Thessalonica Court and the Brookhaven Apartments in the Bronx and Brooklyn's Magnolia Plaza Apartments. Nonetheless, a seemingly endless stream of newly distressed HUD-subsidized projects continue to surface.

Fortunately, the residents of these projects and their counterparts around the country have found a steadfast ally and preservation champion in Senator Charles Schumer and his incredibly dedicated staff.

## Recent Legislative Changes Alter the Preservation Playing Field

Fed up with an endless series of battles over HUD's proclivity to terminate project-based Section 8 contracts and convert to tenant-based Section 8 vouchers at troubled buildings, New York Senator Chuck Schumer reached out to Senator Bond. Senator Schumer wished to expand the requirement that HUD retain project-based Section 8 assistance in buildings at foreclosure from only those occupied primarily by elderly and/or disabled families to all buildings.

With project-based Section 8 assistance, the owners who acquire these buildings have the option to keep them affordable for current and future low-income families. Furthermore, project-based Section 8 contracts guarantee revenue for the owner; therefore, lenders are more confident of repayment, provide more favorable loans, which facilitate more comprehensive rehabilitation.

The successful bi-partisan effort of Senators Schumer and Bond to preserve affordable housing, passed in Section 311 of the Fiscal Year 2006 HUD Appropriations Act, is the fruition of years of local and national tenant organizing and advocacy with federal elected officials and has been a major lobbying priority of the National Alliance of HUD Tenants (NAHT) for the last five years. During the fall of 2005, Tenants & Neighbors and UHAB worked with NAHT affiliates across the country to mobilize support of key Congresspeople on the Appropriations Committees in the House of Representatives and Senate to support the language of Senators Schumer and Bond.

## Will HUD Recognize the Intent of Congress?

However, to make preservation efforts more baffling, since the adoption of the Schumer Amendment in December 2005, HUD's implementation of this provision has been inconsistent.

HUD maintains a website (<http://www.hud.gov/offices/hsg/mfh/pd/mfplist.cfm>) which advertises the troubled properties facing foreclosure. At some of these buildings, HUD seems to recognize the Schumer Amendment, as the buildings will retain their project-based Section 8 contracts after foreclosure. At other buildings, such as Pine Valley Apts in Wrens, GA, Lyceum Apts. and Westgate Village I & II Apts. in Pittsburgh, PA, Syracuse Apts. in Syracuse, NY, documents available on HUD's website indicate that the Department intends to convert the property to vouchers.

Furthermore, in Victoria, TX, Fox Run Apts. is in HUD's foreclosure pipeline, though the property has not been posted on HUD's website as of our press date. At this property, representatives from HUD's Ft. Worth Property Disposition Office says that the building will retain its project-base Section 8 contract after foreclosure, yet March 2006 letter from HUD staffer Beverly Miller in Washington DC office to Victoria's Mayor states that the Department intends to convert the property to vouchers. At Mercedes Palms Apts. in Texas, tenants received a notice from HUD in January 2006 that their building would face foreclosure and they would be assisted with either tenant-based or project-based Section 8.

Senator Schumer's staff has been working with HUD to ensure that they understand the intent of the Schumer Amendment, and that buildings sold at foreclosure retain any project-based Section 8 assistance. "NAHT and its affiliates will continue to monitor

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*Please turn to HUD Undermines Housing, page 11.*

# Tenants & Neighbors sues Nassau rent board—again

By Michael McKee

Tenants & Neighbors Coalition and Stephen Robinson, a tenant of a rent-stabilized apartment in Hempstead, are suing in State Supreme Court to overturn the rent increases adopted last fall by the Nassau County Rent Guidelines Board.

For the third year in a row, the Nassau RGB voted for extremely high guidelines. In 2003, the RGB passed 5 and 8 percent for one- and two-year lease renewals. The next year, the rent increases were 4.25 and 6.25 percent. And for 2005-2006, a majority of the board supported rent increases of 5.25 and 7.25 percent.

The Board is dominated by its two landlord members and four public members who are clearly pro-landlord. These board members seem to be unconcerned about whether the rent increases they adopt are affordable to tenants or not, and it is not surprising that they came in on the high side once again.

But this time the Nassau RGB had a surprise up its sleeve. The guidelines adopted on September 21 are bifurcated. A special “low income” guideline of one and two percent was approved for tenants who can demonstrate to their landlords that their annual gross household income is less than \$24,000. The 5.25 and 7.25 rent increases apply to “all other households.”

The RGB also adopted a 10 percent vacancy allowance on top of the overly generous statutory vacancy bonus authorized by the state legislature—a minimum of 20 percent for a two-year lease—thus allowing landlords to raise rents by at least 30 percent when an apartment turns over.

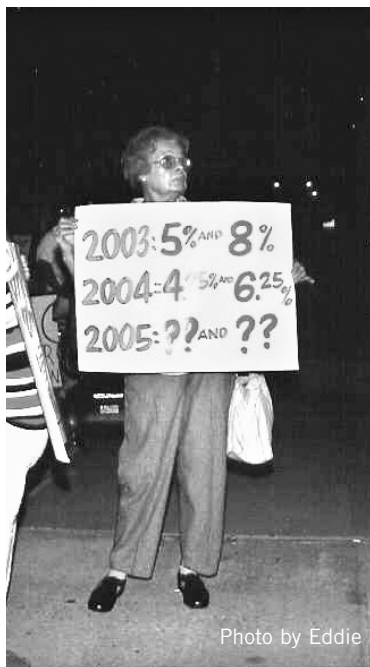


Photo by Eddie

Nassau County demonstration.

These guidelines were adopted by a 5-3 vote last September 21. Three public members and the two landlord members provided the necessary five-vote majority to adopt them.

The five members who voted for these guidelines defended themselves by stating that they

were concerned about the problems of low income tenants. But this mechanism seems actually to have been designed as a scheme to muck up and undermine the rent stabilization system in Nassau County.

To obtain the lower guidelines, the tenant must apply to the landlord and prove to the landlord that the household income is below the \$24,000 threshold. There are no privacy protections. Many tenants who would be eligible for the one or two percent rent increases have not asked for them because they are unwilling to give their landlords their tax returns or other proof of income. Many if not most landlords are deliberately refusing to offer lease renewals at the lower rate.

## Errors of law

In adopting the low income guidelines, the RGB set itself up as arbiter of disputes between tenants who apply and landlords who refuse to renew leases for one or two percent. The tenant lawsuit claims that these procedures represent an “error of law” in that the Emergency Tenant Protection Act of 1974 clearly delineates the responsibilities of the RGB, which boil down to the task of adopting annual rent adjustments, and the state Division of Housing and Community Renewal, which has the sole responsibility of enforcing the law and resolving disputes between landlords and tenants.

The lawsuit further alleges that the RGB committed another error of law by creating a “class” of housing accommodation based on tenant incomes. The ETPA allows local legislative bodies to adopt rent stabilization coverage for different classes of housing accommodations. Absent such a distinction enacted by the municipality, ETPA applies to all buildings with six or more units.

No municipality has defined classes of housing accommodations in terms of the incomes of tenants. There is nothing in the ETPA that authorizes the RGB, as opposed to municipalities, to differentiate between classes of housing accommodations.

## Ignoring the Open Meetings Law

The lawsuit further alleges a violation of the state Open Meetings Law, which requires that “every meeting of a public body must be open to the general public.” On September 21, the RGB went into a clearly illegal executive session, to discuss adoption of the low income guideline. The OML states unequivocally that such discussions must take place in open meeting. Following the illegal executive session, the RGB members returned to the meeting room and proceeded to adopt

the bifurcated guidelines with no discussion at all of the matter.

The lawsuit also alleges that the RGB failed once again to adopt “findings” to justify the guidelines, as required in the ETPA. Last year Tenants & Neighbors won an earlier lawsuit, on the basis that the RGB had failed to adopt findings. But the 2005-2006 guidelines were adopted without any discussion by RGB members of why the numbers were rational.

DHCR has refused to represent the RGB in the lawsuit. Top agency officials were furious with the board members who supported the low income guideline, against the wishes of the agency.

As we go to press, the board is reportedly in the process of selecting an outside law firm to represent it. But DHCR is representing the RGB on procedural matters until outside counsel is hired. Once the deadline had passed to file an answer to the tenant lawsuit, DHCR asked the Nassau Supreme Court Justice to whom the case was assigned for an “indefinite” adjournment on the basis that the board was having difficulty finding counsel. This request would have allowed the RGB to delay submitting an



Photo by Eddie

Nassau County Rent Guidelines Board—Tenants demonstrate at a Nassau County Rent Guidelines Board meeting.

answer with tenants forced to pay the high rent hikes as the price of renewing their leases. The judge granted a 30-day adjournment.

## 2003 findings adopted—retroactively

Two months after the State Supreme Court remanded the 2003-2004 guidelines back to the RGB with an order to adopt “findings” to support the 5 and 8 percent rent hikes, the RGB finally met to discuss and adopt 2003 findings on February 22.

But the statement drafted by DHCR for consideration by the

RGB, and later adopted by a majority, was deficient in many significant ways. The findings were adopted by a vote of 5 to 2, with one public and one tenant member dissenting.

Tenants & Neighbors is weighing its options, and expects to make a decision soon about whether to go back to the 2d Department to challenge the inadequate 2003 findings. We are represented in both law suits by Professor Stefan Krieger, director of Housing Rights Clinic at Hofstra University Law School, and his group of talented third-year law students.

## No decision in landlord suit against Westchester rent board

Last summer landlords filed a curious lawsuit against the Westchester County Rent Guidelines Board, seeking a court order to remove two public members from the board on the grounds that they are pro-tenant.

The two public members being challenged, Jane Morgenstern and Norman Zelvin, often—but not always—vote with the two tenant members, Jay Shapiro and Emma Loftin-Woods. They have made statements on the record that they believe that the RGB process places tenants at a disadvantage, and that the purpose of the Emergency Tenant Protection Act is to protect tenants.

The Westchester County Attorney, representing the RGB, and State Attorney General Eliot Spitzer, representing the State Division of Housing and Community Renewal, filed motions to dismiss the lawsuit on several grounds, including the lack of standing by outside parties including landlord groups to seek removal of board members.

Tenants & Neighbors and Mount Vernon United Tenants filed a motion to intervene in the current Westchester lawsuit on the side of the RGB, and a motion to dismiss the landlord case. We are represented by Professor Shelby Green of Pace University School of Law in White Plains.

All papers were submitted to Westchester Supreme Court Justice Orazio R. Bellantoni in December, who has yet to issue a ruling.

## A campaign of intimidation

The landlord arguments against the Westchester RGB are widely viewed as weak, even frivolous. Most observers expect the lawsuit to be dismissed.

It would seem that the purpose was not to win in court but to intimidate the board. For the past

several years the landlord organizations have brought a professional film crew to all RGB meetings, videotaping the proceedings.

To a degree the intimidation seems to have worked. At a recent meeting of the board, Zelvin announced that he was leaving, declaring that he could not stay when his remarks were being recorded by people trying to remove him from the board. He then walked out.

On September 26, the RGB voted guidelines of 4.75 percent and 6.5 percent for one- and two-year lease renewals in the guidelines year that began last October 1.

## Another Westchester community opts into ETPA

Tenants of a 110-unit building won the protections of rent stabilization on February 25 when the City Council of Rye voted to opt into the Emergency Tenant Protection Act. Rye is the twentieth Westchester municipality to opt into ETPA.

The action was precipitated by a December purchase agreement between the owner of Highland Hall, the largest apartment building in the city, and a group of investors who planned to empty the building and convert it to 66 luxury condominiums. The tenants formed a committee and began lobbying Mayor Steve Otis and Council Members for ETPA coverage.

The resolution opting into ETPA applies only to buildings with 50 or more units and thus covers only Highland Hall. The next largest building in the city is 37 units. The Highland Hall tenants received organizing and technical assistance from Dennis Hanratty, executive director of Mount Vernon United Tenants.



Photo: Mary Kolar

Mitchell Britton is an important leader in both his own building and in New York City as a whole.

**By Mary Kolar**

Section 8 tenant Mitchell Britton is a committed member of Tenants & Neighbors and an important leader in both his own building and in New York City as a whole.

In 2004, Mitchell helped lead the residents of Parkview Apartments in Flatbush in their struggle for renewal of their project-based Section 8 contract. They achieved their goal, winning a five-year contract extension.

Mitchell and other Parkview residents began working for contract renewal with Tenants & Neighbors when they found out that their building was going through a sale, and heard rumors that the new owner planned to convert the building to tenant-based Section 8 vouchers. "He talked about giving the tenants vouchers, but what he neglected to say was that in receiving vouchers, when the tenants who have vouchers move out, the landlord can charge whatever he wants." This process, Mitchell recognizes, would slowly phase out affordable housing and therefore drive low-income families out of the very neighborhoods they have lived in for years, sometimes decades. He sees this happening in his own neighborhood, "this used to be called the ghetto... now it is an up-and-coming neighborhood," rents are being driven up by the ever more competitive real-estate market, and low income families get lost in the shuffle. Mitchell explains that "what Mayor Bloomberg calls 'affordable' isn't affordable to the tenants in our neighborhood. Everyone talks about the 'middle class,' about things being affordable for the

middle class. What is middle class—80,000 dollars a year? Where does that leave me? Where does that leave the people in this neighborhood?"

The Tenant Association at Parkview recognized this dire loss of affordable housing for low-income families in New York City and decided to fight. They organized and began negotiations with HUD and with their landlord. Eventually, Mitchell explains, "we were able to obtain our five-year contract renewal." But at tenant association meetings Mitchell stresses that the fight is not over, "we have only five years—we need to stay organized so that we can start negotiating again when there is still two or three years left on our contract." In these negotiations, he feels, it is tenant organization that is most important. Organizations like Tenants & Neighbors, "give you the basics, but you have to pick up the ball and run for yourselves." Without a group of active tenants working to save their own homes, Mitchell says, there is little hope for preservation. Organization is key, and Mitchell sees Tenants & Neighbors as an important resource, but one that is meaningless if there is no leadership among tenants.

**Local Law 79 Campaign**

In addition to his work at Parkview, Mitchell is an active participant in the Intro 186/Local Law 79 coalition which successfully campaigned for the Tenant Empowerment Act. Mitchell got involved with the coalition, made up of community organizations and tenant leaders from across the city, after he heard about the Intro

186 bill at a workshop sponsored by Tenants & Neighbors last year. Intro 186, passed by City Council as the Tenant Empowerment Act in August, gives tenant groups the right of first refusal if an owner plans not to continue the subsidies which keep their building affordable. When Mitchell heard about this landmark legislation, he says, "I did what I thought I should do...I felt that this was beneficial, not only to me, but to other low-income people throughout the city." Mitchell sees the law as an invaluable new resource for low-income tenants, "it would give tenants the right to purchase their building or to partner with a non-profit developer they choose, and it is a tool to bargain with landlords..." He hopes "Local Law 79 can get through the struggles with the lawsuit, can remain law and can be upheld by the City...and that it can be funded—so that it can be a reality to tenants, and not just a dream."

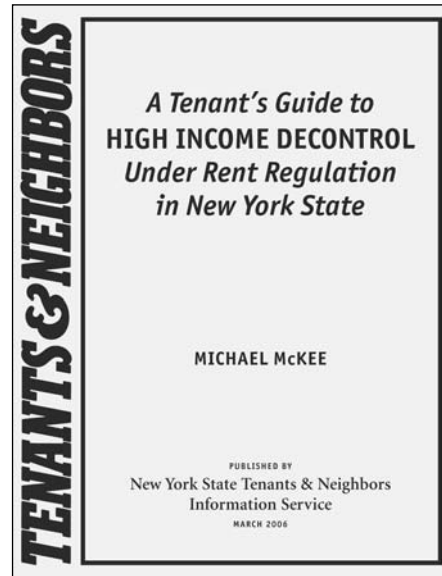
**Tenants & Neighbors**

As an active member of Tenants & Neighbors, Mitchell feels that the organization is an important advocate for tenants. "Tenants & Neighbors is out here fighting for low-income people, for people that others wouldn't bother getting involved with."

Mitchell recognizes that "It is work, it's hard work—organizing. It is just that: organizing one day at a time, getting people involved. You have to try to build on whatever you have to build on...it's easy for people to get burned out doing this work, and so an organization needs to be more than a one-person entity, it needs to involve many people. You just have to keep working."

**A Tenant's Guide to HIGH INCOME DECONTROL Under Rent Regulation in New York State**

**BY MICHAEL MCKEE**



**T**his booklet is must reading for every rent stabilized or rent controlled tenant who pays \$2,000 or more a month in rent or whose rent is approaching \$2,000 per month.

Once your rent reaches the \$2,000 threshold, your landlord can try to use the annual income certification process to decontrol your apartment — even if your income is well below the \$175,000 a year statutory limit. The certification process is so booby-trapped that many tenants lose the protection of rent regulation even though they earn much less than \$175,000 a year. Higher income tenants also fail to use all the available methods to avoid decontrol.

All rent regulated tenants need to equip themselves with the information in this new booklet. Sooner or later, everyone will be spending \$2,000 a month or more in rent.

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# Settlement reached in tenant “blacklisting” class action

A preliminary settlement agreement has been filed in a federal class action brought against First American Registry, Inc. (now known as First Advantage SafeRent, Inc.), the nation’s largest tenant screening agency, over the notorious tenant blacklist.

The lawsuit, *White v. First American Registry, Inc.*, was filed in March 2004 in federal court on behalf of tenants who had been sued in New York City Housing Court. It alleged that FAR had violated the federal Fair Credit Reporting Act by issuing thousands of reports to prospective landlords that included inaccurate, misleading and incomplete information about eviction cases. As a result, tens of thousands of tenants might

have been “blacklisted” by landlords who refused to rent to them.

The suit challenged FAR’s practice of routinely failing to include the outcome of eviction cases in their reports. Very few of the almost 300,000 eviction cases brought each year in Housing Court actually result in an eviction, or even a finding of wrongdoing by a tenant. By failing to include the outcome of such cases, FAR caused damage to tenants whose cases were dismissed, discontinued or withdrawn. Landlords often commence eviction cases that are baseless, particularly against rent regulated tenants.

The settlement, if approved by the court at a hearing scheduled for June 16, includes payment of

up to \$1.9 million to 35,000 tenants who were victimized by an inaccurate FAR report. FAR also agreed to dramatic changes in its procedures. Reports will now include the actual disposition of all eviction cases and highlight the absence of any activity for at least 12 months in eviction cases abandoned by landlords. FAR will expunge cases from its database that were found to be without merit or which were brought in error; and reports will contain a prominent notice advising landlords that the fact that an eviction proceeding was brought does not mean that the tenant was evicted or even in the wrong.

A complete summary of the settlement can be found at

[www.tenantreportsettlement.com](http://www.tenantreportsettlement.com) or by writing Tenant Report Settlement, The Garden City Group, 105 Maxess Road, Melville, N.Y. 11747. Or call the blacklist settlement hotline: 888-404-0855. Tenants who were sued between February 26, 1994 and March 16, 2006 are potentially entitled to compensation.

James B. Fishman of Fishman & Neil, LLP, a well-known tenant attorney who served as lead counsel for the plaintiffs, stated, “Blacklisting presents an extremely serious problem for tenants. The threat has a chilling effect on their ability to exercise their rights for fear that they will be turned down for an apartment if they move.”

## Bequests to Tenants & Neighbors

**When you make your will, we hope you will consider making a gift to Tenants & Neighbors**

Generous bequests from our supporters have helped to sustain our vital work to defend tenants’ rights and preserve affordable housing.

If you are considering remembering Tenants & Neighbors in your will, please consider this wording:

“I hereby bequeath to the New York State Tenants & Neighbors Coalition, located at 326 West 27 Street, New York, NY 10001; the sum of \$\_\_\_\_\_ to support its programs.”

Your bequest will be tax deductible if it is made to the New York State Tenants & Neighbors Information Service, our 501(c)3 affiliate.

## Tenant Empowerment, from page 1

only more cumbersome for the department to implement.

The tenant movement, with the support of the City Council has won the first round on this issue by passing the law, but there is more to be done to shore up this legal right. Early in November, the Real Estate Board of New York (REBNY), an association of landlords, filed a lawsuit against the City Council and HPD, challenging the legality of some elements of Local Law 79.

Because REBNY as an organization does not own properties we

are challenging their standing to bring this complaint. A complaint would require an injured party and they are not. However, while arguments were heard on this motion on March 22nd, a final judgment has yet to be issued.

The City Council is preparing to defend the law and we are confident that this will be successful. This legislation was modeled after preservation laws that have been enacted and utilized in other states and cities.

An additional concern on everyone’s minds is that the success

of the Tenant Empowerment Act depends on financing for resident groups and their development partners. In October, HPD announced an Acquisition Loan Fund, created with grants from several foundations to preserve affordable housing. It will provide loans for preservation at favorable terms, but the amount will be repaid back into the fund so that there will be financing for additional loans.

There are other tangible and immediately available resources. The right mix of financing will have to be determined for each property and its needs. Now that tenants have the legal right to

purchase their homes and preserve them as affordable, these resources can be successfully and systematically leveraged to achieve those goals.

Meanwhile, Section 8 and Mitchell-Lama tenants continue to face the conversions of their homes to market rate. Tenants now have this tool at their disposal, but they need to be able to use it as soon as possible. If you have received notice of a pending opt out or buy out at your building or you know that the Section 8 contract expires in the coming years and you are interested in using Local Law 79 to preserve your homes as affordable

please contact Tenants & Neighbors. New York City United to Save Affordable Housing is planning a series of trainings on using the Tenant Empowerment Act. To find a training session near you, please call Tenants & Neighbors at 212-608-4320 ex. 306.

The enactment of the Tenant Empowerment Act was a landmark victory in the struggle to preserve affordable housing. To become involved with the campaign to overcome the landlords’ challenges to this right or to find out if your building may invoke your right to purchase, email [andrea@tandn.org](mailto:andrea@tandn.org).

# What HPD did not tell the New York City Council

This table created by Barbara Elstein-Katz shows what really happened in the city’s housing market between 2002 and 2005.

Seen as a whole, it is clear that the picture is not as rosy as the Bloomberg administration pretends. It is clear that in the three years between surveys the city suffered a large continuing loss—at least 44,135—of rent regulated units at the more affordable end of the scale (16,007 controlled and 28,128 stabilized) in buildings constructed before 1947. This loss is more than 5 percent of the 2002 regulated renter stock in older buildings. Given the strong state of the real estate market in New York City, it is clear that much if not all of this loss was caused by conversion of rental units to cooperatives and high rent vacancy decontrol of units whose legal rents could be pushed above \$2000.

The total number of stabilized renter units in buildings constructed after 1947 increased by 29,408. But this increase almost certainly masks a substantial movement of decontrolled post-47 stabilized units into the unregulated renter or owner stock. If post-47 stabilized units were lost at the same rate as pre-47 regulated units, another 13,000 regulated renter units were lost between 2002 and 2005. Given the incomplete picture that can be drawn from the selected data released by HPD, our best guess is that approximately 57,000 rent-regulated units were lost in the three-year period.

The number of unregulated renter units in the city increased by 24,995 and the number of owner units increased by 32,777, while the number of vacant units not available for sale or rent increased by 9,896. Some of these increases reflect new construction and some reflect movement of deregulated units from the regulated renter stock, but how much can only be determined when the Census Bureau releases year of construction data for the 2005 survey. For instance if there were as few as 36,000 housing units constructed in New York City between the two survey years, then almost all of the increase in the unregulated renter and owner stock was made up of decontrolled units moving from the regulated renter stock. If there were 90,000 new units constructed, then all of the increase in owner and unregulated renter units was due to new construction. The answer probably lies somewhere in between.

No accurate analysis of the components of change in the housing stock or the likely reasons for those changes can be made without knowing the impact of new construction between 2002 and 2005. For that reason HPD should release cross-tabulations of tenure type and control status by construction date for immediate analysis. The new construction data were available and could have been included in the HPD report to the Council. But that might have been too revealing for comfort.

**Change in the New York City Housing Stock, 2002-2005**  
NYC HVS 2002 and 2005

	2002	2005	Change	% Change 2002-2005
<b>Total</b>	<b>3,208,587</b>	<b>3,260,856</b>	<b>52,269</b>	<b>1.63%</b>
<b>TOTAL RENTER</b>	<b>2,084,769</b>	<b>2,092,363</b>	<b>7,594</b>	<b>0.36%</b>
<b>Rent Controlled</b>	<b>59,324</b>	<b>43,317</b>	<b>-16,007</b>	<b>-26.98%</b>
<b>Total Pre 47 Stabilized</b>	<b>775,460</b>	<b>747,332</b>	<b>-28,128</b>	<b>-3.63%</b>
Occupied	753,918	726,071	-27,847	-3.69%
Vacant for rent	21,542	21,261	-281	-1.30%
<b>Total Post 47 Stabilized</b>	<b>266,937</b>	<b>296,345</b>	<b>29,408</b>	<b>11.02%</b>
Occupied	262,572	289,584	27,012	10.29%
Vacant for rent	4,365	6,761	2,396	54.89%
<b>Total Non regulated</b>	<b>672,368</b>	<b>697,363</b>	<b>24,995</b>	<b>3.72%</b>
Occupied	644,991	668,711	23,720	3.68%
Vacant for rent	27,377	28,652	1,275	4.66%
<b>Total All Other</b>	<b>310,680</b>	<b>308,007</b>	<b>-2,673</b>	<b>-0.86%</b>
Occupied	302,700	299,944	-2,756	-0.91%
Vacant for rent	7,980	8,063	83	1.04%
<b>TOTAL OWNER</b>	<b>999,003</b>	<b>1,031,780</b>	<b>32,777</b>	<b>3.28%</b>
Occupied	981,814	1,010,370	28,556	2.91%
Vacant for sale	15,189	21,410	6,221	40.96%
<b>Vacant Units, Not Avail</b>	<b>126,816</b>	<b>136,712</b>	<b>9,896</b>	<b>7.80%</b>

### Additional Data Request from 2005 Survey

1. Number of Units in Stock Constructed after 2002 by Owner and Owner Type (i.e. Co-op, condo, conventional) and Renter and Renter and Rent Regulation Status
2. Crosstabulation of Owner units by type (i.e. co-op, condo, conventional and occupancy status)

commissioner Shaun Donovan. All Donovan could talk about was how wonderful the city's housing situation has become in the last few years—all because of the efforts of Mayor Bloomberg.

Using data from the 2005 New York City Housing and Vacancy Survey (HVS), he emphasized that the City had the largest number of owner-occupied and renter-occupied units in history, and that the homeownership rate for the City was at a historic high.

The HVS is conducted every three years by the Census Bureau. It is designed to produce a statistically accurate estimated city-wide vacancy rate for rental housing, which under state law must remain at 5 percent or less in order for the Council to continue rent regulation. The 2005 vacancy rate was estimated as 3.09 percent, up only slightly from 2002 when it was 2.94 percent.

The HVS also produces a wealth of other data that are enormously useful to housing analysts. Again on the “good news” front, HPD reported an apparent increase of rent-stabilized apartments, up from 1,042,397 in 2002 to 1,043,677 in 2005, an increase of 1,280 apartments. This is a surprising development, seeming to contradict the widespread impression that the City is losing rent-stabilized units to various decontrol mechanisms.

How does HPD explain this phenomenon? The agency's news release claimed: “Mayor Bloomberg's housing plan is successfully replacing units lost through luxury decontrol with rent stabilized units for low- and middle-income families.”

To understand how absurd this claim is, check out the table on the opposite page prepared by Barbara Elstein-Katz at the request of Tenants & Neighbors. Using only those tables from the 2005 HVS contained in the HPD report and the 2002 HVS data available on the Census Bureau web site, Elstein-Katz—for 30 years a senior analyst responsible for the HVS—put all the information in one table to allow a look at the “big picture.”

The city's housing situation is anything but rosy, at least for tenants. In three years, we have lost, through vacancy decontrol, 16,007 rent-controlled units, and 28,128 rent-stabilized units in pre-1947 buildings. By definition these are affordable, lower rent apartments that have been deregulated and transitioned either to owner-occupied status or to unregulated, market rate rentals.

### Are the new stabilized units affordable?

The apparent increase in the total stabilized stock comes from the addition of 29,500 units since 2002. But where do these apartments come from, and are they affordable? Because HPD has not released numbers on new construction—which they can easily obtain from the Census Bureau—it is impossible to know. But the likelihood is that they are overwhelmingly units in newly constructed buildings whose owners voluntarily place them under rent stabilization in return for generous tax benefits, chiefly through the city's 421-a program.

421-a allows landlords to set initial rents at market, after which the units go under rent stabilization. Thus the anomaly of newly rent-stabilized apartments coming on line at extraordinarily high rents—\$3,500, \$5,000, \$10,000 and up—subsidized by taxpayers, and hardly affordable.

The HPD report did contain some startling numbers showing how the position of tenants has declined in three years. Inflation-adjusted incomes of renter households declined by 5.6 percent (incomes of rent-stabilized households declined even more, by 8.6 percent), while rents rose 8.7 percent in real economic terms. The percentage of households paying more than 50 percent of income for rent rose from 25.5 to 28.8, percent, a stunning increase.

### Still prevaricating on home rule

The low moment in Donovan's testimony came when he had to answer questions about the Bloomberg administration's position on repeal of the Urstadt Law. Donovan said that he was concerned about the \$38 million cost of administration, currently borne by New York State, implying that the City could not afford to administer the rent laws. Under questioning, he had to admit that a substantial portion of the cost was provided by annual fees paid by landlords. This fee, \$15 per apartment, has been frozen for 23 years. If the City wins back home rule, the Council and Mayor can raise the fee.

Donovan never explained why it would not be worth the price, even if the City did have to spend \$38 million, to gain control over the largest stock of affordable rental housing in the city. One in three New Yorkers lives in a rent-regulated apartment. But the rent laws are in danger of being phased out.

### Rebuttal to HPD

Immediately following HPD, four pro-rent regulation panelists testified. Wanda Williams, political director of DC 37, the largest union of city workers, urged restoration of home rule. She testified that 80 percent of DC 37 members are required by law to live in the city and that the preservation of the rent-regulated housing stock was essential to them.

Elstein-Katz presented her table, and Victor Bach, senior policy analyst at the Community Service Society, presented his report documenting the growing rent burdens faced by low income tenants.

Finally, Tim Collins, a tenant attorney who was director of the NYC Rent Guidelines Board for many years, blew the Council members away with a strong argument in favor of home rule and stronger rent laws. He demonstrated that the City has “moved from a housing emergency to a housing crisis,” where tenants are in a much worse position as owners of rent-stabilized properties continue to earn extremely healthy profits.

Collins cited the nearly \$3 million city real estate interests gave to state legislators and the state Republican and Conservative Parties between 1999 and 2002. Collins termed this a form of political corruption: “What is the real estate industry getting for its money? Influence—as pure as it is corrupt.”

### Bloomberg dodges on home rule

At the bill signing hearing, tenant after tenant told Mayor Bloomberg that it is not enough to build new housing. That it is not enough to renew the weak rent laws. That he must join the fight for home rule. The Mayor listened politely but made no reply.

We are lucky that Christine Quinn is Speaker of the Council. Hopefully her efforts will make it harder for Bloomberg to continue to duck.

# The New City Council Speaker Christine Callaghan Quinn

By Michael McKee

On January 4 New York City Council Member Christine C. Quinn was elected Speaker by a near-unanimous vote of her colleagues.

I first met Chris Quinn in 1988. Fresh out of college, she was hired as the organizer for the Housing Justice Campaign to pressure the administration of Mayor Ed Koch to target more units in its ten-year housing plan to low and moderate income households. This young woman had an obvious talent and zest for advocacy and organizing. Chris approached her work with an energy, creativity, and intelligence that few organizers could rival.

Quinn was elected to the Council in 1999. She became a leader on gay rights, tenant rights, and health care. Her background as a tenant organizer made her one of our strongest advocates on the Council.

### A new speaker every four years

One of the effects of the term limits law which limited Council Members to two four-year terms has been a race for City Council Speaker every four years. Knowing that then-Speaker Gifford Miller would be term-limited out of the Council at the end of 2005, Quinn decided to seek the post. Three Democratic county leaders—Tom Manton of Queens, Vito Lopez of Brooklyn, and José Rivera of the Bronx—eventually threw their support to her. At that point support for the first woman, and first openly lesbian, Speaker became virtually unanimous.

Tenant advocates were thrilled at the ascension of a strong tenant advocate to



City Council Speaker Christine C. Quinn

this second most powerful office in the city. But they were stunned when word leaked out that part of the deal with Vito Lopez was appointing a landlord-friendly Brooklyn Council member, Erik Dilan, chair of the Housing and Buildings Committee. A bright spot was the appointment to the committee of newly-elected Rosie Mendez, a former tenant organizer and tenant attorney.

### A leader for the home rule movement

Certainly no activist can complain of the new Speaker's performance so far. She jumped out in front on important tenant issues, making it clear that the Council will not consider any weakening amendments to the rent control and rent stabilization laws, and introducing a “home rule message” calling for repeal of the Urstadt Law and restoring home rule over rents and evictions. She also introduced a bill to prohibit the use of city funds for subsidies to landlords who do not maintain their buildings.

Speaker Quinn seems determined to up the ante in the fight for control over the city rent laws. In a masterful speech at the March 3 Housing and Buildings Committee hearing, she put the Bloomberg administration on notice that this is an issue the Mayor must address.

## HUD Undermines Housing, from page 7

HUD's foreclosures across the country to make sure the Department abides by the law,” comments Michael Kane, Executive Director of NAHT.

### Two Steps Forward, One Step Back

However, just as we took two steps forward in our preservation efforts this year we also took one step back when Congress adopted other legislation to de-fund the Up Front Grant program. Up Front Grants have been used to rehabilitate distressed HUD properties post-foreclosure for the last 10 years.

The Up Front Grant program was one of many programs cut by the contentious Budget Reconciliation process forced through Congress by the Republican majority. The legislation, which cuts \$39 billion from programs aiding the poorest Americans, such as welfare and food stamps, was ultimately passed by the closest of margins. The Senate adopted the bill by a vote of 51–50, with Vice President Cheney casting the tie-breaker; the House approved the bill by a vote of 216–214.

The Budget Reconciliation Act reclassifies the funding sources of the Up Front Grants. Instead of funding the program from HUD's off-budget Mortgage Insurance Fund, Up Front Grants now require a Congressional appropriation. But—surprise, surprise—the FY '06 HUD Appropri-

ations Act allocated no funding for Up Front Grants and President Bush's recently proposed FY '07 budget requests no funding for them either.

### Tenants Continue to Struggle to Save Their Homes

Despite decades of public investment and oversight, HUD still estimates that about 20% of these privately owned properties are struggling. The reasons for such difficulty are unique to each building and usually involve many contributing factors. But the residents living in substandard conditions bear the burden of these problems and, over time, come to bear the majority of the consequences. They are often faced with the threat of displacement from homes and communities that they have lived in all their lives.

Amid these challenges, tenants continue to struggle to save their homes as affordable housing for current and future low-income families. Tenants at Syracuse Apts. and Fox Run Apts. are organizing and reaching out to their elected officials requesting assistance to get HUD to recognize the Schumer Amendment. Tenants, local advocates, and elected officials across the country are urging HUD to abide by federal law, retain the project-base Section 8 contract, and preserve tenants' homes.

## CHANGE SERVICE REQUESTED

# Something amiss in Syracuse

By Andrea Foley-Murphy

Tenants living in the Syr-Hab Apartments, a project-based Section 8 development located in Syracuse, were shocked to be notified that HUD was planning to foreclose on their homes. Having gone through the mark-to-market process they had been assured that their homes and the project—based subsidies were protected for the next 20 years. Instead they were contacted by the Syracuse Housing Authority and instructed to apply for regular Section 8 vouchers.

After getting organized with the assistance of the Greater Syracuse Tenants Network, tenants discovered that HUD was taking such enforcement action because the building is in financial distress after a fire at the property destroyed 18 apartments and caused a significant loss to the property's rental income. The five remaining buildings are scattered throughout the City of Syracuse and are important anchors for their neighborhoods.

For the past 10 years, HUD's practice has been to convert any project-based Section 8 assistance to tenant-based Section 8 vouchers in the event that HUD's enforcement proceedings result in a foreclosure. However, recent legislation, Section 311 of the 2006 Appropriations Act directs HUD to continue project-based Section 8 after foreclosures (see *property disposition article* for more on this topic). So actions to terminate the project-based Section 8 contract seem to be at odds with the new law.

HUD had put out a Request for Funding Proposal (RFP) for administration of Housing Choice Vouchers for tenants in the Syr-Hab buildings, which the Syracuse Housing Authority applied for and was granted. The Syracuse Housing Authority then sent out voucher eligibility forms and held informational meetings with tenants. However, despite their contract with HUD for these services, the actions were prema-

ture. Eventually, most tenants received vouchers and a few have used them to move elsewhere.

Given the option, the remaining 69 households at Syr-Hab Apartments would like their project-based Section 8 assistance to remain in place. "We want to stay in our homes and 80% of the existing residents have told the management and housing authority that" said Bernice Atkins, leader of the Syr-Hab Tenants Group. The tenants want the project-based Section 8 assistance to remain in place because it will allow the buildings to continue to be maintained in their currently very good condition.

But the Buffalo HUD office is considering termination of the Section 8 contract prior to foreclosure, evidently because the Syracuse Housing Authority mistakenly processed vouchers early. HUD is also currently preventing the property management from renting out

vacant units at the development.

Should HUD decide to initiate termination of the project-based Section 8 contract, they need to have standards for determining the financial criteria that makes a project exempt from the Section 311, and prove that the Syr-Hab situation meets those standards.

Residents and advocates are petitioning federal officials to assist them in compelling HUD to maintain the Section 8 contract and halt the foreclosure process until this confusion is sorted out. They are also advocating for HUD to allow management to rent out vacant apartments to prospective tenants.

"In the end", says tenant organizer Benjamin Gembler, "the tenants should not have to suffer due to the mistakes of others. They want to stay in decent, affordable housing."

## TENANTS & NEIGHBORS

### Annual Membership Meeting and Conference

Saturday May 20 – 9 am to 4 pm

#### United Federation of Teachers

52 Broadway, 19th Floor  
(between Exchange Place and Whitehall Street)  
4 or 5 to Wall Street or R, W or 1 to Rector Street

Registration Desk Opens 9am – Program Starts 10am

#### WORKSHOPS:

**Morning** Using the Tenant Empowerment Act  
Fighting MCI Increases

**Afternoon** HUD Accountability Session  
Strategy for Rent Regulation

Members will elect the Board of Directors and vote on the amendments to the by-laws.

**TO PRE-REGISTER** send a check to  
Tenants & Neighbors, 236 West 27th Street—4th Floor,  
New York, NY 10001—Mark your check "Annual Meeting"

#### CONFERENCE FEE: (Conference fee includes lunch)

Individual members and members  
of member organizations in good standing \$25  
Non-members (includes membership) \$45

For more information call (212) 608-4320 ext 314

## Who Controls NYC's Rent Laws?

Since 1971 Albany has.

Upstate legislators with no rent regulated apartments in their districts.

Upstate legislators that receive a lot of \$\$\$ from NYC landlords.

## Who SHOULD Control NYC's Rent Laws?

NYC.

NYC's tenants, the City Council and the Mayor.

NYC's tenants that give a lot of rent \$\$\$ to NYC landlords.

## Who Controls the Future? YOU.

### Join Tenants & Neighbors in the Campaign for Home Rule!

Tenant Associations across the city are taking action to win the Campaign for Home Rule.

Call Natasha at 212-608-4320 ext. 400 to get involved.

