

TENANTS & NEIGHBORS

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Tenants & Neighbors Launches Mitchell-Lama Organizing Program

By Amy Chan

Tenants & Neighbors is proud to launch its new Mitchell-Lama program. As we continue to lose Mitchell-Lama buildings across the city and state as affordable housing, it is imperative to protect tenants' right to retain their homes.

When the Mitchell-Lama program was created just over 50 years ago, its mission was to provide affordable housing for New Yorkers who were offered few, if any, viable options from the private market. For decades, these publicly subsidized developments provided homes to hundreds of thousands of low- and moderate-income families. But today, within merely two generations, owners of Mitchell-Lama buildings are rapidly buying-out of the program and converting to market-rate housing, denying many families long-term access to their homes.

Roughly a quarter of the original Mitchell-Lama stock has already been lost and all of what remains are now eligible to buy-out, according to *Affordable No More*, a report by NYC Comptroller William Thompson. As of May 2006, 28 buildings have filed notices of intent to buy out, threatening another 13,000 units of housing for working families.

Our new program seeks to preserve the long-term affordability of Mitchell-Lama buildings so that families and future generations will never have to fear losing their homes. We will achieve this through direct assistance to tenants and coalition building with tenants, tenants associations, and housing advocates.

Inside this issue of
TENANTS & NEIGHBORS

**Brad Lander
on Pataki's
Housing Record**
Page 5

**HUD Threat to
Affordable Housing**
Page 7

**Nassau County
Tenants Win**
Page 10

Phony Demolitions
Page 2

**Buffalo PUSH
Fights Housing
Blight**
Page 4

Tenants Expose Rent Guidelines Board Sham

By Natasha Winegar

Armed with drums, horns, whistles and clickers, five hundred tenants stormed the Great Hall at Cooper Union on the evening of June 27, the final vote of the New York City Rent Guidelines Board (RGB), determined to disrupt the meeting and expose the rent guidelines process as a sham.

Over the years it has become clear that the landlord-friendly RGB will hit tenants in rent-stabilized apartments with exorbitant rent hikes regardless of how many tenants attend and testify at the RGB hearings and despite what the data show about the growing housing affordability crisis. True to form, this year the Board imposed the second highest increase in 15 years.

Organizers and leaders knew that we had to do something dif-



Photo: Patrick Coleman

Tenants protesting at the Rent Guidelines Board meeting which imposed the second highest increase in 15 years.

ferent this year. Planning for the action took place during the months leading up to the vote,

involving dozens of tenant and community organizations. The result was the largest coordinated

protest at the RGB ever.

We decided to try to shut *Please turn to RGB Sham, page 10.*

Bye, Bye, George

12 Years of Pataki Mis-Rule Draws to an End What Can We Expect from Governor Spitzer?

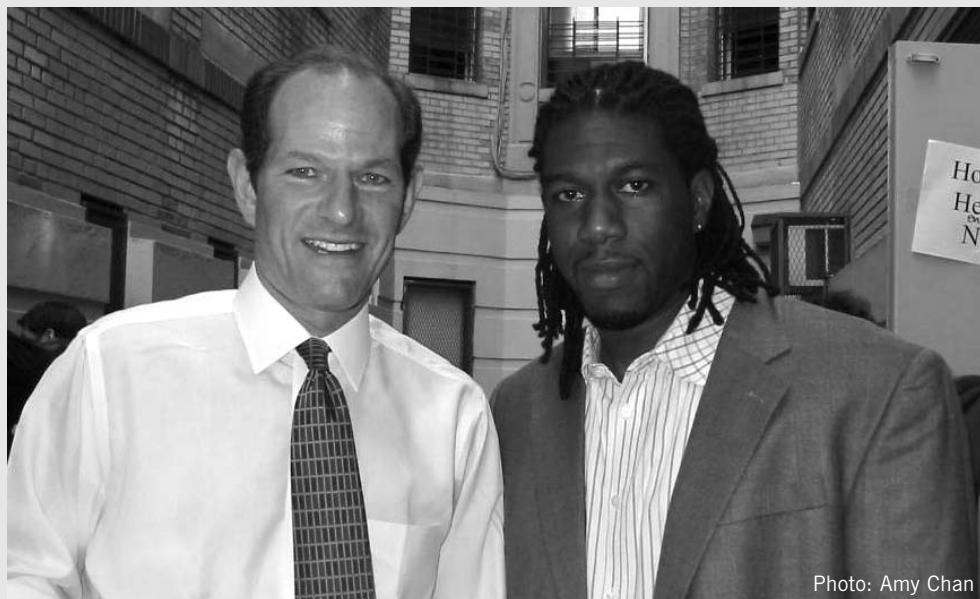


Photo: Amy Chan

Eliot Spitzer with Tenants & Neighbors Executive Director Jumaane Williams at a roundtable on housing policy. Although Spitzer is virtually certain to be New York's next governor he hasn't taken a clear stand for preserving affordable housing.

By Michael McKee

It has been a long twelve years and it will soon be over, at last, and not a moment too soon.

When George Pataki defeated three-term Governor Mario Matthew Cuomo by a mere 174,000 votes in November 1994, the handwriting was on the wall. Pataki immediately turned over administration of the state rent laws to real estate operatives, who adopted policy and procedural changes that favored landlords and weakened tenant protections.

Over three terms Pataki has "done more to eliminate rent regulation and tenant pro-

tections than any other New York State governor before him," in the words of a new report, "Time for a Gut Rehab," by the Pratt Center for Community Development (see article on p.5). At least 200,000 affordable rent-regulated apartments in New York City, plus several thousand more in the suburban counties, have been decontrolled and converted to unaffordable market-rate housing on Pataki's watch.

Pataki has at the same time allowed a staggering erosion of government-funded Mitchell-Lama and other assisted housing. Half the Mitchell-Lama rental units in New

York City – some 40,000 apartments – have already been lost, or soon will be.

Needless to say, New York City landlords and developers have responded with huge contributions to Pataki's campaign committees.

While eliminating affordable apartments, Pataki has failed to increase supply. He has cut state funding for affordable housing programs, invested scarce tax-free bond financing in luxury housing, and targeted his own campaign contributors to receive virtually all of the Liberty Bonds for lower Manhattan to build – you guessed it, more luxury housing.

He has presided over rampant corruption at the Housing Finance Agency, where in 2004 HFA vice president Hector Del Toro (formerly a top staffer at the Office of Rent Administration) was convicted for steering campaign donations to then-Republican State Senator Guy Vellella from developers receiving HFA financing.

Pataki has stacked the state appellate courts with conservative judges who have reversed many pro-tenant policies. And he has appointed real estate cronies to state housing agencies, most prominently Joseph Strasburg, a lobbyist for the Rent Stabilization Association, the largest landlord group in the state, as chair of the State of New York Mortgage Agency.

Now that Pataki is hitting the trail in an unpromising quest to be the nation's next president, New York State's housing crisis could hardly be more severe. Abandonment has spread through upstate cities, with vacancy rates as high as 13 percent, accompanied by a surge in bank foreclosures and mortgage fraud, speculative property flipping, and high-risk borrowing. The number *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 the 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.

Phony Demolitions Cost New York Affordable Housing

By Natasha Winegar

On May 18th a large group of tenants, advocates and elected officials gathered on the steps of City Hall for a press conference to condemn “phony demolitions,” the landlords’ newest nefarious practice for evicting rent-regulated tenants. The Rent Stabilization Law allows landlords to evict tenants and take units out of rent regulation if the landlord is demolishing the building. The intent of the law was to permit the demolition of dilapidated, unsafe buildings. However, unscrupulous landlords are claiming to “demolish” buildings that are not unsafe. In reality, the landlords are evicting their rent-regulated tenants in order to create luxury housing. These “phony demolitions” are often simply gut renovations that leave walls, facades, and even entire floors intact.

1997 Continues to Haunt Us

Underscoring this problem is the fact that The Rent Stabilization Code does not explicitly define “demolition.” Since the significant weakening of the rent laws in 1997, both the courts and the NYS Division of Housing and Community Renewal (DHCR) are permitting landlords to exploit this loophole by equating demolition with substantial gutting and alterations.

Even more distressing is the ease of applying for a phony demolition, due to the 1997 rent law changes. The DHCR no longer requires hearings to be held before owners are allowed to proceed with the evictions. This has significantly decreased the amount of inquiry the DHCR does when reviewing applications for demolition. If the Department of Buildings approves the work permits, and the landlord proves that they can finance the project, then the DHCR simply rubber stamps the application. There is no real communication between the DHCR and the Buildings Department on this issue.

Phony demolitions have become such a viable option for landlords that one landlord attorney



New York City Councilmember Rosie Mendez speaking at a press conference condemning phony demolition. Back row, l to r, Assembly Member Jonathan Bing, Council Member Letitia James, Council Member Dan Garodnick and Manhattan Borough President Scott Stringer.

firm, Belkin Burden Wenig & Goldman, is actually advertising this option. In their February 2004 newsletter, they wrote “Many owners are unaware that demolition may be a viable option for them because they assume that ‘demolition’ means that they must raze or level the building. However, the courts and DHCR have interpreted the term ‘demolition’ (in this context) as meaning a substantial alteration or gutting...it should be considered by owners when seeking recovery of their rent regulated units.”

The Test Case

Coincidentally, Belkin, Burden, Wenig & Goldman is representing Duane Street Realty, the landlord for 131 Duane St., one of the buildings threatened by phony demolition. Since the building is in the Tribeca South Historic District, the owners are not permitted to alter the façade of the building. As a result, the demolition plans would not change the buildings exterior walls.

The bottom floor houses City Hall restaurant, a popular lunch spot for local elected officials. Its owner and chef, Henry Meer, who is also part owner of Duane Street Realty, plans to keep the

restaurant open for the duration of the project.

A DHCR ruling in May 2005 gave the landlord permission to evict the tenants. The validity of the landlord’s plans to demolish is clearly questionable, and the tenants have appealed this decision and filed a Petition for

DHCR to hold mandatory hearings for all demolition cases. City Councilmember Rosie Mendez introduced legislation (Intro. 340) that would require the DHCR to notify the Community Board and City Councilmember of the affected district when a landlord applies to evict tenants

“Phony Demolitions, the landlords’ newest nefarious practice for evicting rent-regulated tenants.”

Administrative Review. They are waiting for a decision from the DHCR, as are many other tenants of buildings threatened by phony demolitions, since this case may set a citywide precedent. Currently Good Old Lower East Side, a housing organization, is assisting about a dozen buildings affected by phony demolitions.

Stronger Rent Laws Now!

Tenants, advocates, and elected officials are supporting legislative changes that would close these loopholes in the law. Assembly-member Deborah Glick recently introduced legislation (A.10944) that would not only amend the Rent Stabilization Code to define demolition as razing the entire building, but also require the

for demolition purposes.

Many tenants and elected officials hope that a new governor in January will bring some changes in the DHCR, and perhaps some support for these amendments to the state’s rent laws. However, the DHCR’s lack of attention to this issue thus far, and the state’s long history of weakening and eroding the city’s rent laws, highlights the need to restore home rule over the rent laws.

Your voices can make a difference. After unwanted media attention and much tenant pressure, the owners of two buildings scheduled to be “demolished” have withdrawn their applications. It is time to let New Yorkers decide if their buildings need demolishing or not!

Tenants & Neighbors Board

This new Board of Directors was elected at our May Annual Meeting

President: **Tom Waters**

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Rhode Island Tenants Win

Rhode Island tenants in subsidized housing won an important victory July 3, when the state’s legislature passed a law requiring landlords who opt out of the Section 8 program to offer to sell their buildings before opting out.

The Rhode Island law resembles New York City’s Local Law 79, the Tenants Empowerment Act, which the City Council passed over a Bloomberg veto in 2005 after a

campaign by Tenants & Neighbors and other organizations.

From now on, Rhode Island’s Section 8 landlords will have to offer to sell their buildings to the state’s housing finance agency, their local housing authority, the development’s tenant association, and the municipality where the property is located within one year of opting out. The sale price of the property is to be determined by the average of two appraisals.

Passage of the law may well have played a role in another recent tenant victory in the smallest state in the union. On July 25, SCHS Associates, the owner of the Barbara Jordan I development in South Providence, agreed to renew its project-based Section 8 contract while pursuing a longer-term renewal. Previously, SCHS had been seeking to opt out of the program.

Affordable Housing Disappearing Fast

By Tom Waters

New York City's supply of privately owned, subsidized housing is vanishing at an accelerating rate, according to a study by the Community Service Society.

In 2005 alone, the city lost a record 5,518 apartments as buildings were removed from the subsidy programs. A startling two-thirds of the losses (3,613 units) hit Harlem, the rest the Upper West Side (659 units), the South Bronx (753 units), and Brooklyn (467 units).

From 1990 to the beginning of this year, the city lost 28,422 apartments, a quarter of the apartments created by the largest subsidy programs for low- and moderate-income families. And thousands more units are in the process of being de-subsidized right now.

The CSS study, which I conducted with Victor Bach, examined the fate of 120,917 subsidized apartments that existed in 1990. These apartments were the result of major government subsidy programs spanning the period from the 1950s to the 1980s, including the state and city Mitchell-Lama program and the federal project-based Section 8 program.

Mitchell-Lama Losses

The biggest losses have been to Mitchell-Lama. The city's pool of Mitchell-Lama rental apartments shrank from 66,950 to 44,262 in the period covered by the study, losing over a third of the stock. The project-based Section 8 stock shrank too, from 52,502 units to 47,112, losing 10 percent.

Who lives in this vanishing housing? Largely low-income and minority families. Tenants in the federal developments are 45 percent black and 33 percent Latino, with a median household

income of \$12,000 a year, while Mitchell-Lama tenants are 44 percent black and 20 percent Latino, with a median income of \$26,000.

And how did the losses happen? For Mitchell-Lama buildings, the main reason is the obvious one: private owners are exercising their option to leave subsidy programs, usually after 20 years, in search of higher market rents.

"The biggest losses have been to Mitchell-Lama."

The geographic pattern of Mitchell-Lama losses make this clear. Until last year, the loss of Mitchell-Lama housing was concentrated in higher-rent Manhattan areas south of Harlem, just as one would expect if high rents were providing the landlords' motives for removing buildings. In 2005, it appears, the market forces driving the loss of subsidized housing losses finally hit home in Harlem. And now in 2006, the losses are concentrated in the East Bronx. If the city's speculative real estate market continues to heat up, every neighborhood will become vulnerable.

Section 8 Housing

The losses of Section 8 housing follow a different pattern, however. They are concentrated in areas with lower household incomes and lower rents. In high-rent areas of Manhattan, landlords have overwhelmingly chosen to keep their buildings in the subsidy program.

There are two probable reasons for this. One is tenant organizing. Section 8 tenants, often working with Tenants & Neighbors, have mounted strong campaigns to keep their buildings affordable.

But this can only be a partial explanation. Mitchell-Lama tenants have organized too but have been much less successful. The difference is almost certainly the federal government's Mark Up To Market program, which provides an incentive to landlords who remain in Section 8. Quite simply, it pays them rents comparable to those in the unsubsidized market.

The lack of Section 8 opt-outs in high-rent areas is strong evidence that financial incentives to landlords are an effective way to preserve the subsidized housing stock.

So what is driving the loss of project-based Section 8 in poorer neighborhoods? At least part of the story is owner neglect or mis-

management, which can lead the federal government to cut off subsidies or even sell the property through foreclosure. This tends to happen in neighborhoods where rents are low and the tenants poor. In the last 15 years, HUD foreclosed on 17 developments, mostly Section 8, with 2,264 apartments – more than half in Harlem and Bedford-Stuyvesant. Thousands more are at risk for the same reasons.

Foreclosure isn't always a bad thing – the outcome can be good if the new owner is committed to preserving affordability and maintaining decent conditions. Tenants & Neighbors is working with a broad coalition of other organizations, including the Community Service Society, the Legal Aid Society, Pratt Area Community Council, South

The CSS report makes several policy recommendations, including the following:

- **Protect tenants in subsidized buildings by extending rent stabilization to cover them regardless of the year the building was constructed.**
- **Provide incentives to landlords who keep their buildings in subsidy programs.**
- **Continue to develop tools to preserve distressed buildings in danger of foreclosure.**
- **Preserve the Mark Up To Market program.**
- **Implement the Tenant Empowerment Act.**

Brooklyn Legal Services, and the Urban Homesteading Assistance Board to rescue distressed Section 8 buildings in just this way.

Government Policy

It's clear that it will take more than one strategy to stop the loss of subsidized housing in New York City, and more than one

level of government will have to step up to the plate.

Tom Waters is Housing Policy Analyst at the Community Service Society. He was a member of the Tenants & Neighbors staff for six years and is now president of the organization's board of directors.

Andrea Foley-Murphy leaves Tenants & Neighbors

Andrea Foley-Murphy, a longtime member of the Tenants & Neighbors staff, has left to work for the New York City government.

Andrea joined Tenants & Neighbors in September 2001 as a staff organizer and a member of the Jesuit Volunteer Corps, an organization of young people who work as full-time volunteers for non-profit organizations while living in community with other Jesuit Volunteers. (Tenants & Neighbors has hosted a Jesuit Volunteer each year since 1998.)

Andrea came to Tenants & Neighbors after a previous year as a Jesuit Volunteer working with Covenant House in Newark, looking for experience with an organization focused on social change as well as service.

Her first year was disrupted by the terrorist attack on the World Trade Center on September 11, 2001, which severely curtailed the organization's ability to work for many months. But as Tenants & Neighbors' normal activities resumed in early 2002, Andrea quickly distinguished herself in a role that went from direct support for tenant associations to include analysis of the status of Section 8 buildings citywide and increased research on federal policies affecting Section 8 tenants.

In August 2002, Andrea completed her term as a Jesuit Volunteer and became a member of the organization's permanent staff. When then-Executive Director Joe Heaphy announced his move to Michigan and departure from the organization in early 2003, Andrea played a critical role in the transition, serving as interim executive director for three months.

In January 2004, Andrea began studying for a master's degree in Urban Policy Analysis and Management from the Milano Graduate School at The New School University while continuing to work part-time for Tenants & Neighbors. During this time, she spearheaded a successful campaign by Tenants & Neighbors and many allied organizations to win passage of New York City Local Law 79, the Tenant Empowerment Act, which helps subsidized tenants and their chosen non-profit partners to buy subsidized apartment buildings and maintain them as affordable housing.



Andrea Foley-Murphy

Many of Andrea's innovations have become important parts of Tenants & Neighbors approach to organizing. She greatly increased the organization's ability to critically evaluate its own work and to plan its organizing activities based on analysis of the status of Section 8 buildings citywide, in order to focus resources where they would be most effective.

These innovations aren't the sort to make headlines, but they have done a great deal to strengthen Tenants & Neighbors and the tenant movement as a whole. Tenants & Neighbors will always be grateful for the work that Andrea Foley-Murphy has done.

Tenants & Neighbors organizer Pat Coleman will continue Andrea's work, while Mary Kolar, a Jesuit Volunteer with Tenants & Neighbors for the past year, will take over for Pat.

Andrea is now working on a project to make the New York City Department of Housing Preservation and Development's Section 8 voucher program more responsive to tenants.

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.

TENANTS & NEIGHBORS

Report from the Executive Director: Jumaane D. Williams



The summer is supposed to be a slow time. But not at Tenants & Neighbors. Just in the last few months, we had a very successful annual meeting, started a new program, hired new staff, and transitioned out staff. Most importantly, we were able to use the Rent Guidelines Board meeting to place the issue of home rule squarely on the media agenda.

The outrageous rent increases imposed by the RGB are only the latest example of the attack on all affordable housing - from Section 8 and Mitchell-Lama to rent regulated housing. The recent report by the Pratt Center for Community Development, "Time for a Gut Rehab," provides a devastating critique of the disastrous past 12 years for affordable housing under the Pataki administration. Please read the article by Brad Lander (the Executive Director of the Pratt Center) on the adjoining page and be sure to get a copy.

As Pataki's reign of terror on housing comes to an end, housing advocates are looking forward to a new administration; any administration would have to be better.

Yet, to our dismay, the gubernatorial race had until recently been void of any talk of the housing crisis.

Then, as if in response to constant complaints from housing advocates, the candidates began to discuss the issue. Most notably, Attorney General Eliot Spitzer, who absent the crisis of a lifetime will be our next governor, laid out his most extensive housing plan.

The plan is at least a start. While it does address the issue of developing affordable housing, his position on preservation - which is key to any housing plan - leaves a lot more steps that need to be taken. We simply cannot out build the problem.

In fairness, at least Spitzer is beginning to address the housing crisis. His proposal for an Administrative Tribunal, like the Parking Violations Bureau, to handle code enforcement issues would add teeth to the virtually toothless current system. The proposal to provide the New York City Housing Authority with funding to cover units developed by the state would help to close the Authority's budget gap (see page 5 "Tenants Fight NYCHA Voucher Cuts"). However, when it comes to rent regulated housing and subsidized housing like Mitchell-Lama and Section 8—which are all being lost at alarming rates—the proposal falls short.

It does at least propose refinancing options for units opting out of subsidized housing like the ones NYC already provides. While this is definitely needed and appreciated, it was the easiest of all

options. The most important thing residents of this housing need is a guarantee that they will be placed under rent stabilization whenever owners decide to opt-out of the subsidy programs. This however, was not mentioned in Spitzer's plan.

The last point of the Spitzer plan focused on Rent Stabilization. It proposed to raise the threshold for vacancy de-control, currently at \$2000, to an unspecified level. In the future, the ceiling would attach an index to raise the threshold by a certain percentage every year. Spitzer deserves some credit for even addressing the fact that rent regulated housing is being lost at an alarming rate. However it doesn't go far enough. His proposal will help slow the loss in some neighborhoods, but it clearly won't solve the problem. Raising the threshold to some unknown number and attaching it to an unknown

index leaves a lot to be desired. The real answer is the repeal of the Urstadt Law, bringing home rule to NYC and repealing vacancy de-control for NYC and the surrounding suburbs. Only then, can

"The real answer is the repeal of the Urstadt Law."

we really begin to attack this problem.

So our likely governor stayed clear of home rule and vacancy decontrol and refused to have a concrete preservation strategy. We hope that this is a result of being so far ahead that he feels he doesn't have to mention these hot button issues and not a sign of his real beliefs. Several groups, including Tenants & Neighbors, sat with him in early August as he unveiled his plan. He seemed to genuinely want to help with these issues. Then again, so do most politicians before November. Let's hope the conversion continues after the January 1st inauguration.

* * * * *

In the interest of fairness I should mention that Tom Suozzi reached out to several groups including Tenants & Neighbors to say he would like to hold a press conference to announce his support of home rule. While this is great, no one is sure if he is being real or not. His record is consistently to the right of Spitzer, which can make one suspect. As for the Republican candidates, not one word.

In addition, I would be remiss not to acknowledge the tremendous contribution that our outgoing preservation coordinator, Andrea Foley-Murphy, has made to this organization. Her dedication to preserving Section 8 housing and her leadership on the Tenant Empowerment Act (Local Law 79) helped bring the issues to the forefront. She will be missed and we wish her all the best.

PUSH Buffalo: Making Governor Pataki Famous for Causing Blight in Buffalo's Neighborhoods

People United for Sustainable Housing (PUSH) in Buffalo, NY is showing everyone in Buffalo that New York State and Governor Pataki are helping to cause our housing crisis.

One thing is for sure Governor George Pataki is a stranger to many neighborhoods like the ones we live in. But that's all about to change. On July 12th, with the help of Tenants & Neighbors, PUSH announced that it is going to make Governor Pataki famous for his part in the neglect and decay of thousands of homes in Buffalo.

PUSH's community members have begun boarding up long-vacant homes controlled by a New York State agency with giant portraits of Governor Pataki. Now everyone knows that PUSH is holding the governor directly responsible for the blight in Buffalo's neighborhoods.

In a shortsighted financial maneuver, the City of Buffalo sold tax liens on about 1,500 properties to a New York State agency called the Municipal Bond Bank Agency (MBBA) in 2003. MBBA is a public corpo-

nected. On the East and West Sides of Buffalo, an average of more than two homes per block are utterly neglected and rotting as a direct result of the deal with MBBA.

"Thousands of homes are vacant and neglected"

MBBA contracts with a major real estate corporation, JER Services, to manage the liens on 1,500 properties. MBBA has effectively abandoned hundreds of these homes and has not advanced any plan to place the homes in the hands of more responsible parties. Although JER has promised to auction off certain of the homes, thousands more sit vacant and neglected without any plan in sight for rehabilitation or transfer to responsible owners.

PUSH is demanding that both MBBA and JER sign a Community Standards Agreement stating their commitment to addressing the extraordinarily negative effects that their

"PUSH is going to make Governor Pataki famous for his part in the neglect and decay of thousands of homes in Buffalo."

ration that functions as an offshoot of the New York State Housing Finance Agency.

Buffalo's deal with MBBA was supposed to provide a more efficient manner of managing properties with tax liens. Instead, three years later nearly 1,500 properties connected with the MBBA deal lie vacant and

absentee control has had on Buffalo's neighborhoods, especially the East and West Sides. Without significant community pressure and action, MBBA and JER would likely continue their pattern of running from responsibility for the enormous problems that have been created by their deal.

Amy Chan, our new Mitchell-Lama Organizer

Amy Chan joins the Tenants & Neighbors staff as our first Mitchell-Lama Organizer. She will be working to preserve the affordability of Mitchell-Lama buildings that are in danger of being converted to market-rate housing, which very few working New Yorkers can afford.

Amy says, "I am very excited to begin this new program. Our immediate goal is to ensure that Mitchell-Lama tenants will retain affordable homes in the present and near future. In the longer term, we will work for substantial legislative changes and greater

accountability from government."

Amy recently graduated from Dartmouth and had chosen to return to her native New York to pursue work in organizing. "My parents immigrated here from China 20-plus years ago...I've lived in New York all my life except when I went to college. This is my home."

She has been very active around women's issues, and worked for a summer at the New York City Commission on Women's Issues. For Women's Equality Day, she coordinated a voter registration drive in Queens.

Continuing to support women's equality, Amy feels "that housing is a women's issue. And working with tenants has solidified that belief."

She was able to quickly put a face to the Mitchell-Lama issue at her first tenants meeting at Dancia House in the Bronx. "When the tenants introduced themselves, everyone had a life story to tell that was very much rooted in their home and their building. They had all lived there for at least 20 years, and half the tenants had lived there for over 30 years.

"One woman had lived there for 37 years. She described the building as her family. She called it her '1889 Sedgwick Avenue family.' The landlord who is trying to opt-out of the Mitchell-Lama program in December doesn't recognize this."

When asked what will keep her motivated, Amy says that it is meeting the tenants that "provides the push to do this work, especially when you see how committed they are to fighting for their homes. Because this is not really my fight. It's their fight."



Photo: Patrick Coleman

Amy Chan is Tenants & Neighbors' new Mitchell-Lama Organizer.

Time for a Gut Rehab

How the Next Governor Can Rebuild New York State's Affordable Housing Legacy

By Brad Lander

Eighty years ago, New York State was a national pioneer in creating affordable housing. In 1926, Governor Al Smith signed the Housing Act, which sparked a wave of low-cost residential development, and New York was one of just two states to help produce housing before the New Deal. Both Republican and Democratic governors—Harriman, Carey, Rockefeller and Cuomo—continued and expanded this legacy. Today, as he leaves the helm of New York State after 12 years in office, Governor George Pataki leaves a much different legacy: a consistent failure to ensure that New Yorkers have access to decent and affordable housing.

In June, the Pratt Center for Community Development released a report entitled, "Time for a Gut Rehab: How the Next Governor Can Rebuild New York State's Affordable Housing Legacy." The report reveals how for more than a decade, the Pataki administration has almost completely disregarded New York State's affordable housing crisis.

The report maps out the details of a failed housing legacy that has left New York as one of the least affordable states in the country. While the federal government's "fair market rent" for a two-bedroom apartment in New York State increased 20 percent in the past eight years, the median income for tenants fell 21 percent (adjusted for inflation). Despite this need, New York remains one of just seven states without an affordable housing trust fund replenished by steady funding sources.

Alyssa Katz, who edited the report for the Pratt Center notes that "up until the last dozen years, New York State was a national leader in generating affordable housing. Now, state housing policy has failed New Yorkers on almost every level."

The Pratt Center found that more than half of the apartments built by the New York State Housing Finance Agency (HFA)—the state authority whose mission is to finance affordable housing—are luxury homes renting for thousands of dollars a month.

From 2000 to 2005, only 5,959 out of 12,715 apartments built with HFA bonds, or 47 percent, were affordable. Virtually all of these apartments, financed using the state's limited supply of tax-exempt bonds, are located in Manhattan and Westchester counties. The trend appears to be getting worse. In 2005, just 28 percent of the apartments HFA proposed building in New York City was affordable.

Despite sharply growing need, Governor Pataki and his administration have:

- Failed to devise a statewide strategy responding to the varied housing and development needs across New York.
- Invested more than half of scarce tax-free bond financing in luxury housing.
- Given major campaign contributors favorable treatment and disproportionate funding.
- Cut investments in affordable housing and failed to provide new funding.
- Undermined the security of millions of



Governor George Pataki has almost completely disregarded New York State's affordable housing crisis.

tenants and facilitated the loss of tens of thousands of units of affordable housing.

- Taken actions that have increased the number of homeless New Yorkers.
- Neglected adult home residents with mental illness, and failed to provide housing alternatives.

"Not only has the Pataki administration failed to invest in affordable housing, under his watch we've lost significant ground, hemorrhaging hundreds of thousands of rent regulated units," said Julie Miles, Executive Director of Housing Here and Now, a New York City-wide affordable housing coalition. "The next governor will need to be especially aggressive on housing to make up for all this lost ground."

"Housing abandonment and neighborhood blight have engulfed the City of Buffalo and other upstate cities and now threaten their very viability," said Aaron Bartley, of People United for Sustainable Housing in Buffalo. "The Pratt report documents the ways in which the Pataki

TENANTS & NEIGHBORS strongly recommends that all our members read the Pratt Center report, which is available on their web site, www.prattcenter.net.

**Or write:
Pratt Center, 379 DeKalb Avenue,
Brooklyn, New York 11205**

Brad Lander is the Executive Director of the Pratt Center for Community Development which works for more just, equitable, and sustainable communities for all New Yorkers by empowering residents to plan for and realize their futures.

The Truth About Rent Control

By Natasha Winegar

The media, and many New Yorkers, often refer to rent-controlled tenants as the "lucky few." The media constantly portray these tenants as being at the very far end of the extreme spectrum that is the NY real estate market. For example, an August 8 AM New York article stated, "some get their rent on the cheap, forking over as little as \$99 each month for a rent-controlled apartment."

In reality, rent-controlled tenants are an aging population; most are on fixed incomes, and have a much lower household income than most rent stabilized tenants. Furthermore, rent-controlled tenants generally pay higher rent increases than those in rent-stabilized apartments: 7.5 percent per year, plus most are hit with a separate fuel pass-along cost. This is certainly not the pretty picture that the media paint about rent-controlled tenants and unfortunately, relief for these tenants is a large uphill battle.

Every two years Tenants & Neighbors organizes around the Maximum Base Rent (MBR) adjustment for rent-controlled tenants, which is set by the state Division of Housing and Community Renewal (DHCR). This is the Standard Adjustment Factor that allows landlords of rent-controlled apartments to raise rents. This year we organized tenants to

testify at the MBR public hearing on March 10.

The 2006/2007 Standard Adjustment Factor is 8.2 percent. However, this is not the actual increase that rent-controlled tenants pay; it simply sets a cap on how much their rent can be increased. The actual rent tenants pay is called the Maximum Collectible Rent (MCR). The MCR increases by 7.5% a year until it reaches the MBR. In order to collect a rent increase, the DHCR must issue the land-

"Rent-controlled tenants are an aging population; most are on fixed incomes"

lord an Order of Eligibility every two years. The DHCR sends a copy of this order to each rent-controlled tenant.

Although tenants can challenge the landlord's eligibility for a rent increase, there is no way to stop the MBR formula from being implemented. This formula is written into the rent control law rather than being subject to a vote by a board such as the Rent Guidelines Board, which sets the rent adjustments for stabilized apartments. Furthermore, the formula itself is landlord friendly, guaranteed to produce high Standard Adjustment Factors every two years.

administration has contributed to this crisis and charts a more hopeful and intelligent path for our next governor."

The report also lays out targeted recommendations for the next governor to reclaim New York's legacy on affordable housing. These recommendations include:

- Increase investments in proven programs that create and preserve affordable housing;
- Preserve the affordable housing units of millions of New Yorkers;
- Create a "fair share/smart growth" plan for affordable housing that meets the different needs of all of New York's regions. Such a plan should:
- Enable upstate communities to revitalize abandoned neighborhoods
- Bring "fair share" housing and smart growth to the state's suburbs
- Make the state a true partner with New York City in its affordable housing efforts
- Develop and implement a concrete plan to end homelessness; and
- Reform the state's housing agencies and authorities.

"We need to channel scarce public funds away from campaign donors and luxury housing and toward programs that meet the housing needs of all New Yorkers," concluded Katz. "It's time for New York to find a way home."

There will be no relief for tenants unless we can change the rent laws, which would require the state legislature to pass a pro-tenant rent control bill. Unfortunately, in the current political climate, this is a huge battle. The other possibility is to regain power over the city's rent laws, or home rule. If we were to win home rule, the City Council would be able to reform the law.

There is currently a growing coalition of tenant and community organizations, labor unions and religious leaders that are fighting to win home rule. This Spring we had a few successes that brought us a bit closer to winning. On June 1, a coalition of housing organizations hosted the Fair Rent Laws Strategy Breakfast, at which more than 20 unions were represented. Then on June 14, nearly 1000 people came together for Housing Here and Now's Town Hall Meeting, which focused on home rule. Finally, the action tenants took at the NYC Rent Guidelines Board final vote brought home rule into the media's spotlight.

The most important action our rent-controlled members can take right now is to get involved in the campaign for home rule. Although this does not bring immediate relief to the financial burdens that rent-controlled tenants have, it does provide some promise for the future. Home rule now!

Tivoli Towers: A Mitchell-Lama Preserved

By **Jordan Pender**

On Monday, July 17th, residents joined their elected officials on the steps of city hall to celebrate a ground-breaking victory: the preservation of their building as part of the Mitchell-Lama affordable housing program for another 18 years. The residents live in Tivoli Towers, a 33-story building that is home to more than 300 low and moderate-income families in Crown Heights, Brooklyn.

Tivoli Towers was built in the 1970s through a New York State subsidized housing program called Mitchell-Lama housing, which provided low-interest mortgages to developers to encourage the creation of affordable housing. Almost 149,000 units of Mitchell-Lama and Limited-Dividend affordable housing were created in NYC. Despite the success of the program, landlords now have the legal right to prepay their subsidized mortgages 20 years into the mortgage term and leave the program.

In April of 2005, the owner of Tivoli Towers gave residents notice of his intention to buy-out of the Mitchell-Lama program. Tivoli Towers residents also learned that their building was to be sold to real-estate mogul Laurence Gluck of Stellar Management- who, in recent years, has achieved infamy for his large-scale and aggressive

acquisition and subsequent deregulation of numerous Mitchell-Lama developments.



Tivoli Towers tenants held a press conference to preserve their building.

Tivoli Towers residents leapt into action and through research, they discovered a restriction in the building's initial deed that requires the building to be affordable housing until the year 2024. With incredible support from their elected officials, residents appealed to the NYC Department of Housing Preservation and Development (HPD)—which oversees the building's participation in the Mitchell-Lama program—to uphold the deed restriction. In June 2006 HPD took the formal position that the deed restriction overrides the owner's right to buy-out of the program, and mandated that the property must be kept in Mitchell-Lama for another 18 years.

"This is an incredible victory for low and moderate income people," said City Councilwoman

Letitia James. "We really need to do all we can to preserve and protect affordable places to live for those families who spend most of their discretionary income on housing."

Opposed to HPD's decision, Laurence Gluck is suing HPD in an attempt to compel HPD to sign off on the building's removal from the Mitchell-Lama program. The Tivoli Towers Tenants Association, represented by Collins, Dobkin & Miller LLP, is seeking permission to intervene in support of HPD's defense arguing that the deed restriction effectively preserves the housing as Mitchell-Lama.

Ms. Alice Mitchell, President of the Tivoli Towers Tenant Association, commented, "We, the tenants of Tivoli Towers are working families—school teachers, transit workers, postal workers, bus drivers, and police officers—who work hard to make this city great. We are ecstatic that we won the victory of remaining in Mitchell-Lama until the year 2024, because being in the Mitchell-Lama program keeps our rents affordable. As long as the struggle exists, we will continue the fight to keep our homes affordable and safe."

Jordan Pender is an Organizer with the Urban Homesteading Assistance Board.

Tenant Empowerment Act Under Attack

By **Mary Kolar**

The New York State Supreme Court is preparing to decide the validity of the Tenant Empowerment Act, which the New York City Council passed last year over Mayor Bloomberg's veto. The law gives tenants in project-based Section 8 and post-1973 Mitchell-Lama housing the right to purchase their building to maintain affordability if the building owner moves to leave the program.

There are legal cases regarding a landlord effort to invalidate the law and a tenant effort, led by the residents of Mother Zion Apartments in Harlem, a project-based Section 8 building, to use the law to preserve their homes as affordable housing.

ant Empowerment Act, the NYC Department of Housing Preservation and Development (HPD) is required to convene an appraisal panel to determine the fair price of a building within forty-five days of the tenants' invocation. This is an important step, because without an appraised price, neither the tenant group nor their preservation development partner can make an offer to buy the building. By the beginning of June, HPD had not fulfilled this legal obligation. In response, the Mother Zion Tenant Association, working with the Legal Aid Society and Legal Services, sued HPD for violating city law.

Both the REBNY case and the Mother Zion suit are before Judge Shafer; she is expected to

"The Tenant Empowerment Act remains an important and exciting tool for preserving affordable housing."

Last October, the Real Estate Board of New York (REBNY) filed a lawsuit against the City Council claiming that some elements of the Tenant Empowerment Act are unconstitutional. The Council responded by filing a motion to dismiss the suit. In March, the Council and REBNY made their arguments in front of Judge Marilyn Shafer of the State Supreme Court.

In early July, Judge Shafer filed her decision. She determined that REBNY does have standing to challenge the legality of the law, and that therefore the original lawsuit can move forward.

Meanwhile, tenant groups and organizers have been mobilizing to apply the law. On April 20, the tenants of Mother Zion Apartments voted to invoke their rights under the act. Tenants at Mother Zion had received notice of their landlord's intent to not renew, or "opt-out" of the building's Section 8 contract, when it is set to expire in April 2007. The tenant group quickly educated themselves about all of their options and decided overwhelmingly to use the law. They concluded that the Tenant Empowerment Act was their best tool for preserving the long-term affordability of their homes because it would afford them the right to work with a tenant-endorsed developer to buy the building from the current owner.

This exciting decision was met by a standstill from the City, however. According to the Ten-

hear arguments some time this fall.

The Tenant Empowerment Act remains an important and exciting tool for tenant-driven preservation of affordable housing. It is being tried in court, as laws often are, but that in no way diminishes it as a means for tenant groups to fight deregulation and loss of their affordable homes.

If tenants in project-based Section 8 or post-1973 Mitchell-Lama buildings receive a one-year opt-out or buy-out notice, they have no more than sixty days to make an informed decision about invoking the Tenant Empowerment Act. It is important to reach out for organizing and legal assistance, so that any decision the tenants make has support.

Starting this fall, the coalition of organizations that has been working on the Tenant Empowerment Act hopes to hold several trainings on how and when tenants can use the law. If you think you would be interested in attending such a training, or if you want any more information on the Tenant Empowerment Act, call Tenants & Neighbors at (212) 608-4320, ext. 308.

The enactment of the Tenant Empowerment Act remains a landmark victory in the ongoing effort to preserve affordable housing throughout New York City. If you would like to find out more on how you can get involved, contact Tenants & Neighbors at mary@tandn.org.

Disability Rent Increase Exemption

Bloomberg kills legislative reform; two more Westchester localities opt in

Two more Westchester municipalities, the City of New Rochelle and the village of Hastings-on-Hudson, have opted into the Disability Rent Increase Exemption program. Yonkers opted in earlier this year. As Tenants & Neighbors went to press, a DRIE resolution was pending in the Mount Vernon City Council.

DRIE freezes the rent of income-eligible tenants with disabilities in rent-regulated, Mitchell-Lama and some other kinds of housing.

New York City Mayor Mike Bloomberg killed legislation in Albany that would have cleaned

up some problems in the original law passed last year, and more importantly would have put DRIE tenants on a par with elderly tenants in the Senior Citizen Rent Increase Exemption program in terms of income eligibility.

Because of Bloomberg's opposition last year, SCRIE tenants have a much higher income eligibility threshold, currently \$26,000 in the city, than renters with disabilities. Advocates had hoped to fix this inequity during the legislative session that ended in June.

At first Senate Republican sponsors of the bill pledged to pass the clean-up bill over

Bloomberg's opposition, but they were overruled by Majority Leader Joe Bruno and the bill never came out of committee. It passed the State Assembly, where it was sponsored by Pete Granis, Dem. Manhattan. Failure to pass this bill this year penalizes mainly military veterans with disabilities.

To date 3150 tenants have applied for DRIE in New York City, 2010 of them have been granted and 399 rejected with the rest pending. In Westchester, only six Yonkers tenants have applied, with two granted, one rejected and three cases pending.

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

By Patrick Coleman

On May 31, 2006, the Department of Housing and Urban Development (HUD) Headquarters in Washington, DC issued a memorandum to HUD staff regarding how the Department will conduct “enforcement actions.” HUD pursues enforcement action to crack down on slipshod owners who have financially mismanaged or neglected the conditions of HUD-subsidized buildings.

HUD’s enforcement actions have frustrated tenants as they too often do not preserve affordability and do not ensure adequate renovation. HUD’s May 31st memo on these issues continues the Department down the same path.

Advocates have a variety of concerns stemming from the May 31st memo, but there are two that have caused the greatest alarm: the implementation of a Congressional amendment instructing HUD to keep project-based Section 8 contracts through foreclosure and HUD’s definition of the “market value” of troubled buildings.

New HUD Guidance Undermines Congressional Intent to Preserve Affordability

Last year, HUD tenants scored a major victory when Senator Charles Schumer (D-NY) won Congressional support for an amendment that requires HUD to retain project-based Section 8 contracts through foreclosure, wherever feasible. Foreclosure is a common type of HUD enforcement action to force a change in ownership at neglected buildings. The Department’s policy for the previous 10 years had been to terminate project-based assistance and convert to Section 8 vouchers – thus terminating the building’s affordability.

HUD’s May 31, 2006 memo outlines the “feasibility” criteria in a manner that seems bent on making infeasibility a foregone conclusion.

Among other things, HUD’s instructions state that the subsidy levels for any project-based Section 8 contract kept in place through foreclosure will be capped at the current level, subject to an increase only through a modest annual operating cost adjustment factor to be determined by HUD. Post-foreclosure, the new owner cannot apply for an adjustment in Section 8 subsidy levels, such as HUD’s Mark-to-Market program offers during normal contract renewal scenarios.

Upon estimating the owner’s revenue and expenses according to the capped Section 8 subsidy

level, if the Department determines that the subsidy levels will be insufficient to operate the building, then HUD will declare retention of project-based Section 8 infeasible and will terminate the contract and issue vouchers.

The glaring problem with HUD’s determination process is that frequently, troubled buildings facing foreclosure are in difficult situations because there is not enough revenue flowing into the building through the Section 8 subsidy. Even if HUD were to determine that keeping the project-based Section 8 contract were feasible, it would likely cause the new owner, who would take the building through the foreclosure process, great difficulty as they would basically be forced to deal with the difficult financial situation which troubled the previous owner.

More likely, however, HUD would simply say that continued project-based Section 8 assistance at the same level is not enough to pay for the building needs and sufficient renovation (often a dire need in troubled buildings) and therefore, the project-based Section 8 contract should be terminated.

To counter HUD’s attempt to gut the clear intent of Senator Schumer’s amendment, housing activists reached out to the Senator once again. Senate allies then tweaked this year’s Senate HUD Appropriations bill to clarify Congressional intent and directly address the issues raised in HUD’s May 31st memo in order to ensure that project-based Section 8 contracts are kept at these troubled buildings, and therefore, that they are preserved as affordable housing.

While this language is included in the Senate’s HUD Appropriations bill, it is not in the House version. HUD tenants and advocates will continue to fight to make sure that these amendments are included in the final HUD Appropriations Act, which will not likely be passed by Congress until the fall.

HUD’s Definition of “Market Value” Reflects Neither the “Market” Nor “Value” of a Building

HUD’s May 31st memo also outlines the Department’s new definition of the “market value” of these troubled buildings. Determining market value of these buildings and their loans is critical as tenants work with allies in city governments to preserve affordability and ensure proper rehabilitation of troubled HUD housing.



Senator Charles Schumer has helped to preserve federally subsidized affordable housing.

When troubled housing becomes HUD-owned, which may happen as the Department pursues enforcement action, the local government where the building is located has a Right of First Refusal to purchase the building as part of a preservation strategy. Historically, negotiations regarding sales price for buildings sold by HUD to local governments are based on a number of common appraisal

standards, including income, expenses, and repair needs.

However, HUD’s May 31st guidance contains a rigid interpretation of “market value,” which states that the Department will not consider rehabilitation costs to determine the sales price of these troubled buildings or their HUD-insured loans. HUD’s definition of “market value” in this memo would be akin to try-

ing to sell a car with a blue book value of \$10,000, but with repair costs of \$5,000, for \$10,000.

This policy will make it nearly impossible for any local government agency and/or any subsequent housing developer to acquire and preserve a troubled HUD building or its loan when these buildings are slated for enforcement action. HUD’s definition of “market value” does not accurately reflect the conditions of these buildings; HUD could do so by simply adopting standard appraisal practices which incorporate the rehabilitation cost for these buildings.

Similar to advocates’ strategy to address HUD’s problematic implementation of Senator Schumer’s amendment, activists are lobbying Members of Congress to add an amendment to this year’s HUD Appropriations Act that will clarify how HUD determines the “market value” of these buildings, thereby restoring the ability of local governments to help HUD tenants preserve their homes.

Thanks to Dina Levy at the Urban Homesteading Assistance Board for help with this article.

Congress to Extend Critical Federal Housing Preservation Program?

By Patrick Coleman

Some affordable housing preservation tools available through the Mark-to-Market program could be lost without Congressional action. The financial incentives offered by the US Department of Housing and Urban Development (HUD) through the Mark-to-Market program have been a key factor in the preservation of project-based Section 8 contracts, which keep housing affordable for current and future low-income families.

HUD’s project-based Section 8 renewal programs are tailored to address a variety of building situations. For buildings in high market areas, where the rents in non-HUD assisted buildings exceed the rents offered through a Section 8 contract, HUD’s Mark-up-to-Market program offers owners increased Section 8 subsidies, and therefore, revenue, while maintaining the building as affordable housing. For buildings in areas where the market rents are lower than the Section 8 rents that the owner receives, HUD’s Mark-down-to-Market program decreases the Section 8 subsidy to align rents with comparable neighborhood rents. At the same time, it offers mortgage restructuring benefits to help the owner pay for repairs and ensure that buildings can still be operated with decreased Section 8 revenue.

HUD’s authority to provide these Section 8 renewal programs to owners was granted by Congress in 1997 through the Multifamily Assisted Housing Reform and Affordability Act (MAHRA). However, Congress has only authorized HUD to use the complete package of preservation tools offered by MAHRA until September 30, 2006.

HUD’s ability to work with tenants and owners to preserve affordable housing will be limited unless Congress renews MAHRA beyond September 30th. Without the extension, HUD loses its ability to restructure mortgages through the Mark-down-to-Market program. So for project-based Section 8 subsidized buildings in low-market areas, owners renewing project-based Section 8 contracts would get less in Section 8 subsidies, meaning decreased rental revenue. They would still be forced to make the same mortgage payments, which would be extremely difficult with less rental revenue.

Even if Congress does not renew MAHRA, HUD will still be able to offer Mark-up-to-Market Section 8 contract renewals, which is of critical importance in hot rental markets like New York City.

Members of Congress are trying to extend MAHRA after Sep-

tember 30th, but the path to renewal is not yet clear.

Normally, the House Financial Services Committee and the Senate Banking Committee should review the extension of MAHRA. The Financial Services Committee passed a renewal earlier this year and recommended that the full House vote to extend it.

The Senate’s Banking Committee has been slow to act, due to opposition from the Republican Committee Chair. Faced with this opposition, tenant allies in the Senate included language to extend MAHRA for five years in the Senate’s HUD Appropriations bill, which is certain to be passed sometime this fall.

However, the House version of the HUD Appropriations bill does not include an extension of MAHRA. Amendment to the House version of the bill is not likely before the House and Senate Appropriation Conference Committee meets to work out differences between the two versions of the bills.

While most advocates feel that an extension of MAHRA is likely, it is not clear when it will be passed. Congressional leaders are trying to keep a very tight schedule, as the politicians are eager to be campaigning at home before this November’s elections.

Tenants work to elect Democrats to State Senate

By Michael McKee

Many tenants are hoping that more pro-tenant Democratic candidates will take seats from Republicans on November 7. Two years ago, Democrats took three seats in the 62-member body, reducing the Republican majority from seven to a mere four votes. Many observers believe that it is simply a matter of time before the Democrats become the majority.

Unlike the Senate Republicans, led by Majority Leader Joe Bruno, the Democrats are committed to restoring and preserving rent protection laws, and tenants' rights. But they cannot be taken for granted.

For one thing, it is a only mat-

now, to remind them that renters are an important part of the coalition that helped them seize the majority.

The Most Important Race

The most significant race for tenants is in the 35th State Senate District in Westchester County. Two years ago, Democratic county legislator Andrea Stewart-Cousins lost by a mere 18 votes to incumbent Republican Nicholas Spano. Spano was able to squeak back in only after three months of litigation and recount. The Republicans challenged thousands of paper ballots, and persuaded the courts to disallow several hundred from being counted – which means that, in



Andrea Stewart-Cousins (left) is running against Nicholas Spano (right) in the most important State Senate race for tenants.

rats who would never vote for him on the other three lines to do so without a guilty conscience.

During the rent wars of 1997 and again when the laws came up for renewal in 2003, Stewart-Cousins worked hard to mobilize tenants in her district to pressure Albany to renew them. Spano took a dive, rolling over for Joe Bruno and George Pataki, allowing them to weaken the laws without uttering so much as a peep. The choice could not be more clear cut for tenant voters.

Of course, Spano will have much more money than his opponent. Bruno will spend enormous sums on this race. Recent polls show that the race is statistically a dead heat.

Tenants have been phone banking for Stewart-Cousins since last spring, and will be doing door knocking and other campaign activities for her. And while tenants can never match real estate money, many have

written checks to the Stewart-Cousins campaign. The race will be close. Tenants can play an important role.

Other Races to Watch:

Democrat David Valesky won the 49th Senate District in the Syracuse area in 2004, in a three-way race against the Republican incumbent and a Conservative candidate. This time around Bruno has put up a local Republican Assembly member, Jeff Brown, and has taken steps to make sure it is a two-way race. However, a local Conservative Party member, Nancy Brown, is challenging Jeff Brown for the Conservative line. At press time the courts had upheld Nancy Brown's right to the Conservative line. So this might be a three-way race despite Bruno's manipulations. Valesky is hard-working and popular, and will campaign hard to get re-elected. This seat is the top defensive priority for the Democrats.

In Suffolk County on Long Island, successful businessman David Ochoa is taking on long-term incumbent Republican Caesar Trunzo in the 3rd Senate District. Trunzo, who is 80 years old and not well, has wanted to retire for many years, but Bruno will not let him. (The joke in Albany is that Bruno has told his members, most of them past retirement age: You cannot retire and you cannot die.) The district has voted Democratic in statewide and national elections: John Kerry beat George Bush in the 2004 presidential election.

In the 34th Senate District in the Bronx and Westchester County, freshman Democrat Jeff Klein is being challenged by Republican Jay Savino, former counsel to Guy Velella, who resigned the seat before pleading guilty to accepting bribes. Tenants were quite active in electing Klein two years ago. He should win, but this one cannot be taken for granted.

Michael McKee is a founder and former staff member of Tenants & Neighbors. He is currently working as the volunteer treasurer of the Tenants Political Action Committee to elect Democrats to the State Senate. Readers can get in touch with him at Tenants PAC, 11 Park Place, Suite 814, New York, NY 10007, telephone (212) 577-7001, email mmckee@tenantspac.org.

“The most significant race for tenants is in the 35th State Senate District in Westchester County. Two years ago, Democratic county legislator Andrea Stewart-Cousins lost by a mere 18 votes to incumbent Republican Nicholas Spano.”

ter of time before New York City landlords start throwing wads of cash at the Dems. These guys always hedge their bets. If the landlords think the Democrats are going to take control of the Senate, they will open their checkbooks, which up to now have been almost exclusively reserved for Republicans. All the more reason why tenants should support Democratic candidates

fact, Stewart-Cousins probably won the vote.

In 2004 Stewart-Cousins had only the Democratic line, while Spano had four: Republican, Conservative, Independence and the Working Families Party (WFP). Spano got 1,870 votes on the WFP line. This time around, WFP is staying out of the race, which hurts Spano: because the WFP line would allow Democ-

Settlement at Westgate First Unique and Peculiar Deal

The Westgate Tenants Association has entered into a settlement to resolve their landlord's application for huge rent increases under the “unique and peculiar circumstances” loophole in the Emergency Tenant Protection Act of 1974.

This provision, which does not exist in the city Rent Stabilization Law of 1969, allows a landlord or tenant to apply for a rent adjustment when an apartment first becomes subject to rent stabilization, which in the case of Westgate occurred in 1998 when the landlord took the complex on Manhattan's Upper West Side out of the Mitchell-Lama program.

The state Division of Housing and Community Renewal allowed the landlord to file such an application based on exiting Mitchell-Lama, an enormous stretch of the normal use of the U&P provision, and the Court of Appeals ruled last year that DHCR must act on the application. Because of earlier appellate court decisions, some apartments are subject to the RSL and others to ETPA, even though the complex was built before 1968 and therefore logically should be subject to the RSL.

The agreement covers three groups of tenants: the first, those who moved in prior to June 30, 1971 and are therefore subject to the RSL, will pay no additional rent increases. The second group, tenants

who moved in after June 30, 1971 but before 1998, are subject to ETPA. They will pay a 5 percent surcharge (not compounded with the base rent) every year for six years, beginning April 1, 2006, on top of the guidelines increases when they renew their leases. Beginning in 2012, this group will then pay an annual 3 percent compounded surcharge for ten years, on top of renewal guidelines, and beginning in 2021 only the guidelines.

The third group, ETPA tenants who moved in after March 31, 1998, will pay the five percent un-compounded surcharge for six years, but no additional rent hikes after that.

While the additional rent increases are fairly steep over time, they are far less than the landlord requested. In the original application, the landlord had requested rent increases ranging from four to seven times the rents. The new rent hikes also come after eight years of a rent freeze for all but new tenants. After many years of litigation costing tens of thousands of dollars, and with more apartments every month removed from stabilization due to vacancy, the Tenants Association decided to negotiate rather than continue to fight in the courts.

How this settlement will affect other buildings with similar applications is unclear.

Two New Volunteers Joining Tenants & Neighbors

This September, Tenants & Neighbors will welcome two full-time volunteers to our staff. Katie Bruce will be our new Jesuit Volunteer and Caitlin Lindsey will be joining us through the Jewish Service Corps AVODAH program.

Katie is the ninth Jesuit Volunteer to work with Tenants & Neighbors, and will be working primarily on organizing in buildings subsidized by the federal Department of Housing and Urban Development throughout the next year.

Katie is originally from Colorado Springs. She graduated in May from Gonzaga University in Spokane, Washington, where she was very active in her campus community. Most recently, Katie spearheaded an effort to bring the Heifer Project, which provides resources to developing countries to combat hunger, to Gonzaga. She raised funds for the program and worked to educate fellow students about sustainable development.

Katie majored in International Studies. Throughout the past few years she has traveled to Sydney, Australia, as well as to Florence, Italy, where she studied for a semester.

Katie is looking forward to working at Tenants & Neighbors and to coming to New York for the first time. She sees this

year in the Jesuit Volunteer Corps as an opportunity for growth and new experiences, and is excited to be working on such an important issue as the preservation of affordable housing.

Katie will be living with a community of other Jesuit Volunteers in West Harlem.

Caitlin Lindsey, like Katie, will be working mainly on the preservation of HUD-subsidized housing.

Originally from northern California, Caitlin graduated in the spring from the University of California at Santa Cruz, where she majored in Cultural Anthropology and Documentary Filmmaking. She has traveled extensively, studying for a semester in the Netherlands, as well as spending a year in Recife, Brazil and a summer in Bali, Indonesia. Her experiences abroad have helped to shape her desire to work for social justice and equality.

Caitlin is an aspiring filmmaker, whose goal is to use documentary film as a tool for education and social change. She is excited to have this coming year to get the experience of working directly with communities throughout New York City to preserve affordable housing.

Caitlin will be living with a group of other AVODAH volunteers in Brooklyn.

Ed Clarke

By Amy Chan

Ed Clarke is the current President of Boulevard Towers Tenant Association. Boulevard Towers left the Mitchell-Lama program in 2005 and is currently rent stabilized. Ed is now taking the lead to prevent other Mitchell-Lama buildings from being bought out.

Four years ago, well before Boulevard Towers received the notice that their landlord wanted to buy out of Mitchell-Lama, Ed made a decision to stand up for himself and his neighbors. "I got involved because my building had tremendous problems, in terms of services - with elevators, with hot water. I noticed that we were being, I don't want to say ripped off, but we weren't receiving the services we were paying for. HUD signed off on it, management signed off on it, nothing was being done, and so I became involved. We still have some issues but it has definitely improved."

Boulevard Towers Buy Out

When Boulevard Towers received a notice to buy out of Mitchell-Lama, Ed agreed to become the President of their Tenant Association. He reached out to Tenants & Neighbors, the Mitchell-Lama Residents Coalition and many other vital resources for information and support. Ed and the tenants of Boulevard Towers utilized these resources and worked relentlessly to preclude buy out.

"Leaders like Ed Clarke remain committed to preserving affordable housing."

Ultimately, they were unable to keep Boulevard Towers in the Mitchell-Lama program, and their building became rent stabilized. Nevertheless, their fight strengthened the collective tenant voice and empowered other tenants to follow their example. Now Ed is leading the tenants of Boulevard Towers as they fight their landlord's attempt to impose a huge rent increase due to what are called "unique and peculiar circumstances."

Supporting Mitchell-Lama Tenants

Ed has become one of the most dedicated tenant advocates for Mitchell-Lama housing. He is currently working with a coalition of tenant leaders in Mitchell-Lama buildings that have either bought out or are in the process of being bought out by real-estate mogul Laurence Gluck. Gluck has seemed to develop a bad habit of buying post-1973 Mitchell-Lamas and raising rents to market-rate, or buying pre-1974 Mitchell-Lamas and filing for rent increase under "unique and peculiar circumstances." In response, Ed and the coalition are working to stop this aggressive takeover of Mitchell-Lamas.

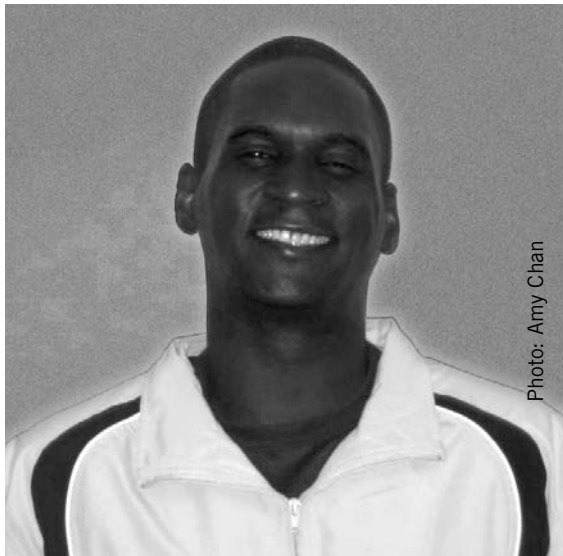


Photo: Amy Chan

Ed Clarke, the President of Boulevard Towers Tenant Association, is helping Mitchell-Lama tenants fight buyouts.

"What we are doing is identifying the trends that we noticed in terms of his motivation: his motivation to evict people who are vulnerable, his motivation not to provide services, and his motivation to basically decimate affordable housing in New York City. He's not the only person but he's one of the major players and so we came together as one to serve notice that we're not going to sit by idly and watch one person profit and everyone else be put into a bad situation."

Bronx Coalition

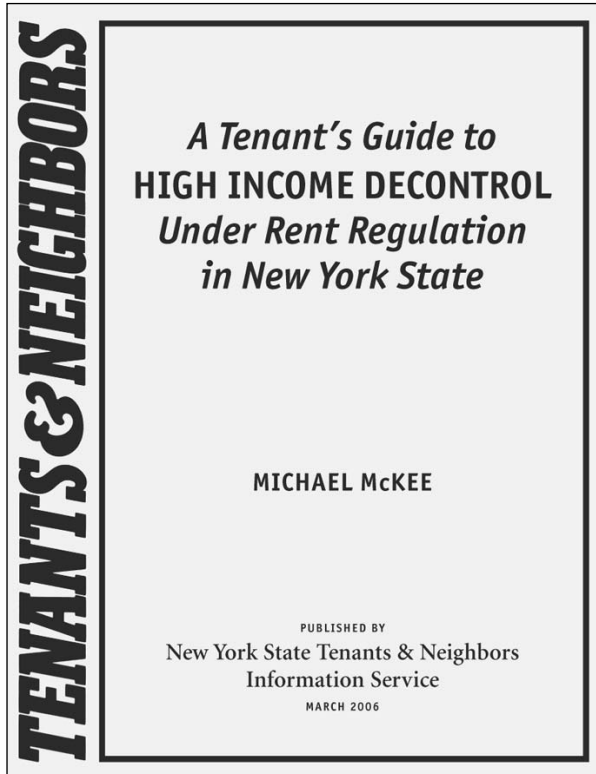
Ed has also been working with other tenant leaders in the Tenants Association Coalition of the Bronx to provide education and outreach to Mitchell-Lamas being threatened by buy out. "There was a gap in terms of the knowledge of how this process works. We are notifying leaders in the Bronx, to help them get organized, and ensure that their rights are not being violated."

From his experience in Boulevard Towers, Ed understands that buy out and even the transition to rent stabilization is much too complicated and time-consuming to handle alone. Mitchell-Lama tenant leaders, especially those who have experienced the buy out process, must work with advocates and allies to fill this knowledge gap and share strategies.

Thankfully, there are leaders like Ed Clarke who have been and remain committed to preserving affordable housing and ensuring a better quality of life for all New Yorkers. As Ed says "I believe it is important to contribute to the affordable housing effort because many vulnerable people will be adversely affected by the housing boom and hurt by the progress they help create. I am committed because I was born in New York City and want to continue to live here. My position is that we can do something about it - speak up."

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

BY MICHAEL McKEE



This 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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Nassau Tenants Beat Back Rent Board



More than 50 Nassau tenants celebrated their victory over the county Rent Guidelines Board at a July 26 party, honoring County Legislator Lianne Altmann and Professor Stefan Krieger of Hofstra University Law School and his former students. Left to right, Michael McKee; Julie Shields, president of the Academy Gardens Tenants Association, Great Neck; Stef Krieger; Lianne Altmann; Richard Johnson; Carlos Mackey, president of the Tenants Council of the Village of Hempstead; and Marie Normil. Johnson and Normil, both now attorneys, are former legal interns at the Hofstra Housing Rights Clinic who assisted Professor Krieger with the 2003 tenant lawsuit against the Nassau County rent board.

By Michael McKee

After three years of demoralizing defeat at the hands of a pro-landlord Rent Guidelines Board, rent-stabilized tenants in Nassau County scored a coup on June 27 when the same rent board reversed course and adopted much lower rent increases for the guidelines year that begins October 1.

The RGB adopted two sets of rent hikes. For the Village of Hempstead, the increases are 0.50 percent for one year lease renewals and 1.00 percent for two year renewals. The board determined that rents in Hempstead were higher than other municipalities, while tenant incomes were lower, and that most Hempstead landlords have consistently failed to maintain their buildings in a habitable state despite the rent increases they have enjoyed. The Emergency Tenant Protection Act (ETPA) allows the suburban RGBs to adopt different

rent adjustments for different geographic areas within the county.

For all other ETPA municipalities in Nassau County, the rent hikes are 2.25 percent for one year and 4.25 percent for two year lease renewals. These increases are actually higher than the data justify—state housing officials calculated that hikes of 0.50 and 1.5 percent would allow landlords throughout the county to maintain the same Net Operating Income as last year—but so much lower than the last three years that it must be considered a victory.

A New Coalition on the RGB

The final motion for this year's guidelines passed by a vote of 5 to 3. Public members Mike Miller, Adam Mahoney, Jack Mevorach and chair Catherine Kirk voted yes, as did tenant member Stanley Beitler. Public member John Mastromarino and the two land-

lord members, Barry Stein and Andrew Cohen, voted no.

There is still a tenant seat vacant on the board. A motion to postpone the vote until Cathryn Harris, the new tenant member, was seated failed on a 4 to 4 vote, with Kirk and Mastromarino joining the landlord members in opposition. Harris was unanimously approved by the Nassau County Legislature on June 5 (even the Republicans voted for her), but her appointment has been held up by the Pataki administration. In the suburban counties RGB members are appointed by the state Division of Housing and Community Renewal, but DHCR can appoint only people who are chosen by the County Legislature.

Jack Mevorach, attempting to show how pro-tenant he is after his re-nomination to the RGB was rejected by the Rules Committee of the Nassau County Legislature

on June 19, voted consistently with the pro-tenant bloc. This was a complete reversal of his usual pro-landlord stance. Mevorach is such a phony that he will go whichever way the wind blows.

Public member Mike Miller deserves a great deal of credit for these moderate rent hikes. Miller quietly turned Mahoney around, so that he voted with the pro-tenant bloc this year, and he also convinced Kirk to support the final package. Kirk wanted 3 and 5 percent but agreed to Miller's package when he offered to go up from 2 and 4 to 2.25 and 4.25.

Perhaps Kirk decided that she wanted to go out with people liking her for a change. This is her last year on the board, hopefully, as her term expires December 31.

There are many other factors that led to this year's result: for one, the terrific legal representation by Professor Stefan Krieger and his talented law students at the Housing Rights Clinic at the Hofstra University School of Law, who sued to overturn the 2003 and 2005 guidelines. These lawsuits gave us leverage.

County Legislator Lianne Altmann helped us shoot down Mevorach's reappointment, resulting in his almost comical pro-tenant performance the night of the vote. She was the only elected official who attended the vote.

Above all, the enormous amount of tenant organizing and pressure that tenants have placed on the board, and state and county officials, during the past three difficult years, made the difference. Even though many tenants have stopped attending RGB meetings because they feel—

understandably—beaten down, a determined core group of tenant leaders and advocates never gave up. They have picketed, testified, and lobbied elected officials.

Pataki Uses Pocket Veto

In addition to Harris, two public member appointments are pending: Rev. Mark Lukens and economist Martin Melkonian, both of whom were approved by the County Legislature in March 2005 and March 2006, respectively, as replacements for Mastromarino and Mevorach. The Pataki administration has bottled up these appointments, in the case of Lukens for 17 months. DHCR clearly wanted to retain the pro-landlord majority on the board.

On June 19 the leadership of the County Legislature attempted to withdraw Melkonian's nomination and renominate Mevorach for another four-year term. This item was withdrawn from the Rules Committee agenda due to opposition from Lianne Altmann and testimony from several tenant advocates who criticized Mevorach not only for pro-landlord bias but for rude and condescending behavior toward tenants. Without Altmann the majority Democrats did not have enough votes to report the nomination from committee.

It seems probable that the RGB will have a completely different cast next year. Mastromarino, Mevorach and Kirk will be gone, replaced by true public members who understand the need for balance, and that the purpose of the ETPA is to preserve affordable rents, not to jack rents up to the point where many tenants are forced to leave the county.

RGB Sham, from page 1

down the vote, and to use the action to make the media and the public understand why the RGB process is a sham, and why New York City needs local control over its own rent laws: home rule. We had a modest success with the first goal, forcing the board to delay its vote by more than three hours. We scored a breakthrough in media coverage, making the second and third goals a terrific success.

At 5:00 pm, half an hour before the scheduled start, the Great Hall was packed with tenants chanting "Home Rule Now." Once the meeting began, the crowd erupted in shouts every time RGB chair Marvin Markus tried to speak.

At the onset of the evening, Adriene Holder, one of the board's two tenant members, attempted to amend the meeting's agenda by adding an advisory resolution calling on the state to restore home rule over the rent laws to New York City. Markus ruled Holder's motion out of order. Holder argued that the RGB has issued resolutions in the past. She also pointed out that

home rule is central to the affordability crisis in the city, which the board is responsible for examining. When the board voted her motion down 7-2, tenants began chanting and shouting, making so much noise that Markus called for a 15-minute recess.

At the end of the break tenants continued to chant, making a truly deafening amount of noise. Markus recessed the meeting again—to 9:00 pm, more than two and a half hours later, clearly expecting most of the crowd to leave by then. Tenants had successfully shut down the vote, at least for a time.

During the recess many tenants left to call friends and neighbors to come down to Cooper Union. John Marsh of the Stuyvesant Town/Peter Cooper Village Tenants Association returned home to send an email alert to more than 500 tenants at the complex, urging them to come to Cooper Union.

When the board reconvened, tenants were as strongly present as before, chanting, "We're still here!" After another short recess, Markus moved the stenographer

to the stage in order to take a vote. He essentially walked from member to member, talking directly in their ear. Holder and Pagan later said that they could not hear what Markus was proposing, but voted no, knowing that it would be too high. The vote took place at 10:00 pm, more than four hours after the meeting had begun. As expected, the RGB voted for very high increases, the second highest in 15 years: 4.25 percent for one-year lease renewals and 7.25 percent for two-year leases.

Landlords later described the tenant action as "mob rule" and "undemocratic." However, this civil disobedience was the only thing democratic about the night.

The disruption was organized in coalition with many tenant groups, including Tenants & Neighbors, because tenants feel that the RGB's process has turned into an undemocratic sham. This lack of democracy was woefully apparent at a previous RGB meeting on June 2, when Holder originally proposed to add a home rule resolution to the agenda. Tim Collins, tenant attor-

ney and former executive director of the RGB, was present, prepared to testify about home rule and why it is relevant to the RGB. At first Markus indicated a willingness to let Collins speak, but abruptly changed his mind, screaming at Collins, "Get the f—k out of here," and "What the hell do you know about the democratic process?" when Collins criticized the way Markus responded to Holder's motion. Tenants have come to expect this abusive behavior from Markus the same way they have come to expect the majority of the board to vote for whatever increases Markus bullies them into supporting.

The best way to reform this broken process is by winning home rule over the rent laws. With home rule, the City Council could make many changes to the rent laws. They could require that the Council approve RGB appointments, which would help to reduce its landlord bias. The city could also mandate owners of rent-stabilized properties to file income and expense forms directly with the RGB, allowing a clear look at their profits. Another change could bar

slumlords from getting rent increases until they correct code violations. These are just a few of the changes tenants seek, which could ultimately change how the rent increases are set.

Many media outlets honed in on our home rule message, finally giving the issue the attention it warrants. Two articles in The New York Times by Janny Scott, on June 28 and June 29, laid out the home rule issue and its relevance to the rent-setting process in some detail. Jonathan Kimmel, one of the new public members on the board, was quoted in the June 28 article: "I honestly think the city should have control of its own rent laws."

However, like the other public members, Kimmel voted against Holder's motion, and went along with Markus on the high rent hikes.

Mayor Bloomberg's response to the RGB's vote was typically lame. He was quoted in a June 29 Daily News article as saying, "when both sides scream, that's a good measure." In fact, the 4.25 and 7.25 percent rent increases are going to hit tenants very hard. Without home rule, tenants can expect business as usual from the RGB.

Section 8 Building Updates

Tenants at **Carnegie Park Apartments** on East 94th Street found out in July that their project-based Section 8 contract would be renewed for another five years. In May 2005, tenants at Carnegie Park received an “opt-out” notice from the Related Companies, their building’s owner. Related said that they were considering not renewing the Section 8 contract when it expired in May. The tenants reached out to Tenants & Neighbors and their elected officials. They received a great deal of support from former Borough President C. Virginia Fields, as well as other politicians. In February, tenants heard that Related was planning on renewing through HUD’s Mark-Up-to-Market program. The program requires landlords to stay in the Section 8 program for between five and twenty years. Carnegie Park tenants stressed the importance of a twenty-year renewal but in July the landlord settled on a five year renewal. This is still a great victory—Carnegie Park will stay affordable for at least five more years!

The owner of **Seguridad I Apartments** in Manhattan notified tenants

**“A great victory—
Carnegie Park Apartments
will stay affordable for at
least five more years!”**

that he does not want to renew their project-based Section 8 contract, which will expire in May, 2007. Tenants organized a strong tenant association, won the support of their elected officials, and have been pressing the owner for a long-term extension. Council Member Rosie Mendez and State Senator Liz Krueger have been tremendously supportive, and recently met with the owner. As we go to press, the tenant association is also considering using the Tenant Empowerment Act to win a change in ownership to a developer interested in maintaining affordability.

For the last several months, the United We Stand Association/Unidos Estamos Asociación at **Hunts Point I Rehab Apartments** in the Bronx has been fighting to keep their homes affordable and make sure that they are renovated. After fighting the deterioration of their homes, tenants are now facing HUD foreclosure as a result of the owner’s inability to make mortgage payments. The owner/manager had developed a refinancing plan to renovate the buildings and keep them affordable, but the high renovation costs and unknown building conditions has caused one major lender to deny the loan application. As HUD begins to foreclose on the building, the tenant association is working to learn more about the owner’s refinancing plan, as well as map out their preservation strategy. The tenants are strong, but will face numerous challenges—and these are greater thanks to new HUD guidelines for “troubled” housing. See the story on page 7.

Tenant Privacy Act

By **John Marsh, Stuyvesant Town/Peter Cooper Village Tenants Assoc.**

In late 2003, MetLife, the owner of Stuyvesant Town and Peter Cooper Village, announced they would replace building and laundry room metal keys in the 21 buildings of Peter Cooper with an electronic photo identity keycard system. Gone would be the tenants’ right to instantly decide who could have access to their homes.

The landlord mandated that all tenants, occupants, their guests, caregivers, and family members would have to pose for a digital photo before access to the buildings and laundry rooms would be given. The photo identity card would include the name of the complex and cardholder.

The Tenants Association vigorously opposed the system on the grounds that it violated the tenant’s privacy and personal safety. Because the building entrances are unmanned, an unreported lost or stolen photo identity keycard could put the tenant’s safety at risk. Furthermore, the system would keep a record of when a tenant comes home, thus allowing the owner to determine when the tenant is customarily

not home. A historic right enjoyed by tenants to freely transfer their key to another person was extinguished by the mandated photos and permanent registration of family, caregivers, and guests. Most alarming was the creation of an unregulated new rich dataset containing the tenant’s digital photo, name, address, date of birth, social security number, monthly rental payment and a record of every time the tenant came home. Data like this would be a prime target for identity theft.

The Stuyvesant Town - Peter Cooper Village Tenants Association (ST/PCV-TA) filed suit in State Supreme Court, which the court remanded to the state Division of Housing and Community Renewal (DHCR). In the end, DHCR ruled almost entirely against the tenants. The judge refused to overturn DHCR’s ruling because the law is silent on the issue. Management will now extend the system to the 89 buildings of Stuyvesant Town.

So the Tenants Association went to work on legislation, crafting a City Council bill to deal with the problem. Councilmember Dan Garodnick took the lead and with the input from the Tenants Association has introduced the Tenant Privacy



Councilmember Dan Garodnick has taken the lead on the Tenant Privacy Act

Act, intro 2006-0374, and has obtained a total of 31 co-sponsors, just three short of a veto proof majority. But the bill still needs to make it out of the Housing Committee for a vote.

It is vital that all tenants join together in support of this bill, by writing to their city council members to either thank them for their support or asking them to support the bill.

If surveillance systems like these become commonplace, tenants will face a surge in baseless and costly legal actions to defend primary residence challenges of their apartments in addition to all of the dangers outlined above.

Pataki Mis-Rule, from page 1

of homeless people in New York City shelters has doubled since 1995.

And two million out of the seven million households in the state – and more than half of those in New York City – pay more than 30 percent of their incomes toward housing.

Goodbye, George, and good riddance. We hope you bomb in New Hampshire and South Carolina. And we hope that the good citizens of Iowa see through your “just plain George, the farmer from Peekskill” act. It really doesn’t jive with your Hamptons life style.

What about Eliot Spitzer?

It seems inevitable that New York State Attorney General Eliot Spitzer will be elected Governor on November 7.

Where exactly Spitzer stands on affordable housing preservation, especially on the question of reversing the phaseout of rent controls and assisted housing programs, is not completely clear. He comes from a real estate background – his father, Bernard Spitzer, is a major developer and landlord – and Eliot Spitzer has stated that if he were not in government he would no doubt be in the real estate business. The major source of income for Spitzer and his wife is rental income from apartments he owns with his father and siblings, according to tax returns he made public.

Over the last year the Spitzer campaign has met with and sought input from affordable housing advocates, including members of Tenants & Neighbors, something Pataki never did. Spitzer has more or less embraced rent regulation as a policy, but will not commit to repeal of vacancy decontrol, or even to home rule – returning legislative power over the content of rent control laws to New York City, where some 95 percent of the rent-regulated units are located.

The most the candidate has been willing to say is that he favors raising the threshold for vacancy decontrol from \$2,000 per month to a higher, unspecified level, then indexing the number for inflation. This is a step in the right direction, but a small step. It will slow the loss of rent-stabilized and rent-controlled housing somewhat, but will not stop it.

But at an August 16 roundtable in the Bronx with some 50 tenant advocates, including several Tenants & Neighbors representatives, the Attorney General made a forceful pledge to enforce the rent laws, and not to tolerate manipulations to decontrol apartments illegally.

Spitzer has endorsed a promising code enforcement initiative, an administrative tribunal (similar to the NYC Parking Violations Bureau) that would eliminate the current ability of landlords to avoid paying fines for uncorrected code violations. Depending on the details, this could be helpful, or merely another layer of bureaucracy.

The Spitzer campaign has proposed a state program of financial incentives to persuade owners of state-supervised Mitchell-Lama buildings to stay in the program, similar to a New York City Housing Development Corporation plan. But like the HDC initiative, this is voluntary and will probably work better for coops than rentals. The A.G. has been noncommittal on the proposal to put all Mitchell-Lama, project-based Section 8 and other subsidized buildings under rent regulation when landlords take them out of the subsidy program.

Spitzer has released a platform statement on how to increase the supply of affordable housing, a compendium of ideas new and old, including committing parcels of “surplus state property” in high-needs areas.

Whatever else one can say about Spitzer, it is clear that his two opponents are to his right on tenants’ rights. Nassau County Executive Tom Suozzi, who mounted a weak challenge to Spitzer in the Democratic primary, has expressed opposition to rent regulation in the past, although recently he cynically announced that he supports repeal of the state Urstadt Law, which would return home rule powers over rents and evictions to New York City.

John Faso, the Republican candidate for governor, spent years in the State Assembly where he always led the debate on the floor against pro-tenant legislation. Indeed, Faso was the only member on his side of the aisle equipped to debate these bills, performing this task with great oratorical skill that put to shame the tongue-tied recitations of most Republicans – even though his arguments were the usual tired real estate claptrap.

One more factor: If Eliot Spitzer is known for anything, it is for a zeal for good government and honest administration. It is therefore reasonable to hope that he will appoint honest and competent administrators to run state housing agencies and programs, and that he will not tolerate the corruption of the Pataki era. (See the Pratt Center report for a detailed explanation of the twisted administration of the rent laws at the NYS Division of Housing and Community Renewal, and sleazy practices at other housing agencies.)

And it seems reasonable to hope that the Spitzer administration will be accessible to tenant advocates, who have been completely frozen out of any opportunity for dialogue with George’s cronies. At the August 16 roundtable, Spitzer made an unequivocal pledge to engage in a dialogue with us, and an unequivocal pledge to be an active partner on housing development and preservation.

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CHANGE SERVICE REQUESTED

Tenants Fight NYCHA Voucher Cuts

By Tom Waters

Faced with inadequate operating subsidies from federal, state, and local government, the New York City Housing Authority (NYCHA) is seeking to balance its budget by transferring Section 8 voucher funds to support its public housing developments and raising rents on higher-income tenants.

The Neighbors Empowering Neighbors coalition, including Tenants & Neighbors, the New York City Public Housing Residents Alliance, Public Housing Residents of the Lower East Side, New York City ACORN, Community Voices Heard, the Legal Aid Society, and the Community Service Society, formed to oppose the transfer of voucher funds and call for a more gradual phase-in of the rent increases. Unfortunately, the rent increases now appear to be a done deal, but the group is still working to preserve the voucher funds and to press for restoration of state and city operating sub-

sidies for 21,000 NYCHA units built without federal subsidy.

The coalition says that it is unacceptable for NYCHA to balance its budget on the backs of poor people on the Section 8 voucher waiting list, who would lose the opportunity to receive vouchers they could use to rent an apartment.

NYCHA's Budget Crunch

NYCHA's stock of public housing includes developments initially built with federal, state, and city funding. Because no tenant pays more than 30 percent of income as rent, all of this housing requires operating subsidies. Each development was originally meant to be supported by the same unit of government that built it. Today, NYCHA owns and operates about 160,000 federally supported apartments, as well as 14,000 state, and 7,000 city-developed units that receive no operating subsidy.

In recent years, federal operating subsidies have not kept pace with the growth in operating costs and have been subject to Department of Housing and Urban Development (HUD) budget cuts. In addition, HUD changes in the allocation formula for operating subsidies has reduced NYCHA's share. But the situation is even worse for the state and city developments. Governor Pataki zeroed out funding for all state public housing in 1997, leading to the privatization of many of the developments outside of New York City. Mayor Bloomberg zeroed out funding for the city developments in 2003. The state and the city had each been providing NYCHA with about \$11 million in annual operating support.

NYCHA is now running an annual deficit of \$168 million for all public housing, including a \$57 million operating deficit for state developments, and \$23 million for city developments. Together the state and city developments account for close to half of the NYCHA deficit. The agency's reserve funds are at an unprecedented low level.

Robbing Peter to Pay Paul

In April, NYCHA presented a plan for its funding crisis. It includes some features that tenants have no reason to oppose and at least one that they support – an end to the punitive community service requirement for tenants. But these features are really only window dressing.

The main budget-balancing elements of the four-year plan are the transfer of 8,400 Section 8 vouchers as project-based (operating) support in city and state developments, the use of an additional \$150 million in Section 8 funding for NYCHA operating subsidies, the ceiling rent increase, and a one-time payment of \$120 million from New York City to NYCHA. (The one-time payment was originally \$100 million but was increased by the New York City Council.)

The rent increase hits 47,000 households – about 27 percent of the NYCHA population who pay the “ceiling rent” rather than 30 percent of their income. NYCHA has been keeping these rents low as part of a plan to keep upwardly mobile families in the community. Under the plan, rents would rise over two years by 20 to 40 percent, depending on the tenant's income, family size, and apartment size.

The major public housing tenant groups had argued that while some rent increase may be reasonable, this very large and rapid increase is too disruptive. The tenant groups have also joined in the wider coalition to oppose the transfer of voucher funds – even though this part of the plan directly hurts not public housing tenants themselves but rather people on the voucher waiting list. This act of solidarity with other tenants deserves to be noted.

The plan proposes to shift voucher funds in two ways. One is to “project-base” 8,400 vouchers at state and city public housing developments – leading to a massive subsidy for NYCHA without benefiting their tenants. To do this, NYCHA must persuade Congress to change the law that allows vouchers to be project-based at private developments but not public housing.

NYCHA proposes to divert another \$150 million in voucher funds through HUD's “Moving to Work” (MTW) program. Despite its name, MTW has nothing to do with work training or requirements. Instead it is a program that allows HUD to award waivers to a certain number of public housing authorities, exempting them from HUD rules, including the rule that says that federal voucher funds must be spent on vouchers rather than public housing operations. To do this, NYCHA must persuade Congress to expand the Moving to Work program, since HUD has already designated the full number of local housing authorities allowed under current law. Both houses of Congress are currently considering such legislation, and NYCHA is lobbying for it.

How to Get Involved

To help preserve New York City's supply of Section 8 vouchers, tenants can call the offices of Sen. Hillary Clinton (202 224-4451) and Sen. Charles Schumer (202 224-6452) urging them to oppose the expansion of Moving to Work. Tenants can also call their city council members, state senators, and state assembly members, calling for full funding of operating subsidies for city and state public housing.

Tom Waters is a former staff member of Tenants & Neighbors, now president of the organization's board and a housing policy analyst with the Community Service Society.

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