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**OVERSIGHT HEARING BEFORE THE NEW YORK CITY COUNCIL
ON THE TENANT INTERIM LEASE PROGRAM
COMMITTEE ON HOUSING & BUILDINGS
APRIL 27th, 2017**

Good morning Chair Williams, members of the Housing & Buildings Committee and other members of the City Council. I am Anne-Marie Hendrickson, Deputy Commissioner for Asset & Program Management for the New York City Department of Housing Preservation and Development (“Department”) and I oversee the Tenant Interim Lease (TIL) program. I am joined by Kim Darga, Associate Commissioner for Preservation and Lisa Talma, Assistant Commissioner of Property Disposition and Finance, who run the Affordable Neighborhood Cooperative Program (ANCP), and by Francesc Martí, Assistant Commissioner for Government Affairs. We want to thank the Chair for his focus on the TIL and ANCP programs.

The TIL portfolio of buildings has faced challenges since its inception. Although the 950 cooperatives created through the program include many success stories, the program’s overall narrative is a difficult one, and we appreciate the Council’s partnership in addressing these problems over the years. In particular, our conversations with you and your fellow Councilmembers over the past several months have been productive in conceiving of new ways to improve the quality of life for TIL residents and adjusting the ANCP program to match the community’s needs.

HPD is committed to ensuring there is a pathway to affordable homeownership for residents in the remaining 148 TIL buildings. It’s important that we provide reassurance to these residents, who have rightfully earned their chance to be homeowners.

We come here today with a three-fold objective: first, to recognize past challenges with the TIL program; second, to explain the origin of the ANCP program, which, despite some initial hurdles has seen some recent progress; and third, and most importantly, to offer new approaches in both the TIL and ANCP programs and ask for your partnership in implementing solutions.

As everyone knows, the TIL buildings are in need of significant rehabilitation. We introduced the ANCP program in 2012 as a way to jumpstart the renovation of these buildings and find a path forward for the residents to homeownership. Although we believe ANCP is the optimal pathway out of TIL, we have not been able to proceed with ANCP as fast as we would have liked and recognize that at times we may not have communicated with tenants as often and as directly as we should have about our policies and programs. However, we are fully committed to a goal that we know the Council shares: ensuring a successful, affordable outcome for the residents as quickly as is possible. Today I will discuss a set of specific commitments and solutions, many of which are already underway or will be implemented soon in response to extensive conversations with the Council and stakeholders.

Overview of TIL & ANCP

The TIL program was created in 1978 as part of the solution to massive property abandonment by building owners in the 1970s and in response to existing residents who were steadfast in their determination to save their buildings. At that time, the City acquired a large number of properties through the in rem foreclosure process. In 1995, the City created a range of programs to rehabilitate the remaining occupied properties and convert them to affordable housing; the majority of buildings remained rental housing and through programs such as the Neighborhood Redevelopment Program and Neighborhood Entrepreneurs Program, over 15,000 units were converted to high quality affordable housing. The original TIL Development program was targeted to tenant associations that were already investing "sweat equity" in their buildings, giving these residents the opportunity to form Housing Development Fund Corporation (HDFCs) and become cooperative homeowners. 950 buildings with 19,100 units were completed through the original TIL development program.

In order to become part of the TIL program, residents in each building had to agree to form a tenant association, collect monthly rents, actively participate in the management of their building, and attend training classes. However, escalating rehabilitation costs, worsening conditions, and cuts to capital funding rendered the old TIL program unsustainable. In addition, those buildings that did go through the early versions of the TIL program and became HDFC cooperatives had a mixed record of success. While many succeeded, some of these cooperatives struggled with governance, physical upkeep, and financial viability, with some facing foreclosure for non-payment of taxes and water and sewer charges. Additional concerns with these HDFC cooperatives included a lack of structure and regulation, reselling units at

unaffordable prices, subletting without board approval, and instances of renting units as opposed to selling them.

As a result of these problems, in the mid-2000s the TIL pipeline slowed down and the City was not able to convert the remaining buildings into coops. By the mid- to late- 2000s the City was forced to consider a restructuring of TIL, and the City Council played a pivotal role in exploring a new model. In fact, a Reso-A funded pilot program in 2008 established many of the parameters of the future ANCP program. Unfortunately, shortly after this pilot, the housing market crashed and prospective homebuyers were unable to get mortgages, forcing HPD to suspend many of its homeownership programs. Budget cuts resulting from the recession also made it impossible to launch ANCP as a full-fledged program in the ensuing years.

ANCP was finally launched in 2012 using existing pre-qualified lists to identify developers. HPD issued a Request for Qualifications to recruit additional developers, rewrote legal documents to reflect the post-financial crisis homeownership market and began to roll out the new model. The creation of ANCP was designed with two goals in mind: to ensure that enough financing was available to meet the substantial rehabilitation needs of these buildings, and to lay a strong foundation for affordable, successful, and sustainable coops based on the lessons learned from the TIL buildings that had already become failed HDFCs.

To achieve these goals, ANCP sought to secure additional sources of funding for building rehab such as bank loans and State grants, and brought in private partners to conduct the rehabilitation work, coordinate the sale of the vacant units that are marketed through HPD's Housing Connect lottery process and facilitate cooperative conversion. Under this model, Tenant Associations are paired with qualified developers, who are responsible for overseeing the rehabilitation of the site, engaging with the Tenant Association regarding property management and achieving milestones for cooperative conversion, submission of the cooperative offering plan, and marketing and sale of the vacant units.

At the closing of the financing for construction, the property is conveyed to an interim owner, Restoring Communities Housing Development Fund Corporation. Restoring Communities is a not-for-profit entity

that is affiliated with Neighborhood Restore HDFC, an entity created at the City's behest to be the interim owner of properties from in rem foreclosures. Restoring Communities is responsible for, among other things, overseeing the developer's performance during the construction stage. Upon completion of the rehabilitation, successful completion of the cooperative requirements by the tenants, and approval of the offering plan by the Attorney General, Restoring Communities transfers title of the property to a cooperative HDFC. It is important to emphasize that at the end of this process, it is the shareholders who own the property. The developer that was involved during construction to facilitate the construction and cooperative conversion has no ownership interest at any time during this process.

The ANCP program also required additional commitments from the tenants: an increase in the purchase price to \$2,500 to align with other HPD cooperative programs and required annual maintenance increases to keep pace with rising operating expenses. In order to ensure the long-term viability of these cooperatives, ANCP also requires third party professional property managers and third party monitors. It is critical to note that these additional requirements for shareholders and co-op associations were developed as direct responses to the operational problems encountered by failing HDFC cooperatives. Managing a building is a challenging task and the mandated maintenance increases and professional management requirements significantly increase the likelihood that a building will remain a stable, successful homeownership property for decades to come.

ANCP is premised on HPD's view that affordable and sustainable coops are the preferred outcome for the properties in TIL; we therefore encourage – and today will discuss additional ways that we can help – all TAs participate in ANCP. We recognize, though, that there are some tenant associations that realize they cannot meet the milestones for homeownership, and prefer to transition to an affordable rental model. For some, cooperative homeownership might not be the most pragmatic choice and that is why HPD also offers a rental option -- the Multifamily Preservation Loan Program (MPLP). Like ANCP, MPLP pairs a sponsor with a building, or group of buildings, for complete rehabilitation, leading to the creation of an affordable rental building. The tenants get rent stabilized leases and additional regulatory protections, including rents that don't exceed 30% of their household income. MPLP rental buildings, unlike ANCP, are owned by the sponsor. In this way, the MPLP option provides a path to building rehabilitation and long-term affordability without the responsibilities required of cooperative owners.

The Current Challenges

The main concerns we have heard from residents, council members, and community groups can be grouped in the following categories:

- Length of time in TIL / slow pace of ANCP
- Building Conditions in TIL
- TIL/ANCP eligibility criteria are too demanding / lack of adequate support
- Need to improve communication with tenants

The most frequent concern we hear is about the amount of time it takes for these properties to be rehabbed and become cooperative HDFCs. Because of the challenges related to the TIL program and getting ANCP off the ground, many properties have remained in TIL far longer than we – and, more importantly, the residents – would like.

In part because of the long time period properties spent in TIL, deteriorating building conditions remain a significant challenge to the TIL program. HPD continues to respond to those conditions, performing repairs to boilers, roofs, mold removal, pest control and façade stabilization work.

In recent months, we've been hearing that certain program requirements are too burdensome. Many TAs find it difficult to submit monthly financial reports on time, adhere to 90% rent collection and conduct annual elections. Further, with respect to ANCP, we've heard concerns that the \$2,500 coop purchase price is too steep and that the level of maintenance fees that will be set in light of the mortgage needed to pay for building rehabilitation will be unaffordable for shareholders.

Lastly, we recognize the need for more engagement with tenants and tenant associations and agree that staffing turnover has at times led to breakdowns in communication.

A New Approach

We recognize all these challenges and have been working on a comprehensive new approach to improving the TIL buildings while also making adjustments to the ANCP program to address resident concerns. We are working on three parallel tracks to:

1. Implement a new tenant-based collaborative planning process

2. Improve TIL building conditions
3. Expedite and adjust the ANCP and MPLP programs

First, we will enhance our communications with residents and engage them more vigorously in establishing a clear pathway out of TIL. To do this, HPD is introducing a new “Partners in Planning” model, which entails more engagement, more listening, more mutual understanding about future options, and greater input of residents.

As part of this increased communication effort, we are sending a letter to every TIL tenant association (TA) stating our commitment that by the end of 2017 every TA will have:

- A “roof to cellar” inspection done, with a “snapshot” report provided after that inspection, and a follow-up meeting with TIL staff to review the report. HPD is inviting a TA board member or member of their maintenance and repair committee to join in this inspection to identify specific issues and to ensure we’re collaborating every step of the way.
- A workshop with HPD staff to discuss repair status, ensure TAs understand ANCP and the ways HPD can assist TAs in meeting the pre-requisites for ANCP. This meeting will also include a description of MPLP, and the different ways that both programs are financed and will operate long term.
- A collaborative plan, created jointly with tenants and HPD, that outlines the TA’s preferred outcome -- ANCP or MPLP -- and the steps that both HPD and the TA need to take to reach that outcome.

As part of this plan, TIL will draw on a new contract to provide translation services during all important inspections and collaboration meetings. For example, we will provide Spanish-English translation at the “roof-to-cellar” inspections whenever needed to make sure HPD and the TA have a complete understanding of all issues being identified.

In addition, to address any confusion about relocated tenants’ items in storage, we have sent a letter to every relocated resident who has stored items with HPD’s vendor reaffirming that tenants can access their property, and providing clear instructions on how tenants can do that.

One of the aims of our new engagement strategy is ensuring TIL residents understand that while the focus of the program is to make sure TAs are ready to become cooperatives, the TAs do have a choice: they can become cooperative homeowners through ANCP or they can opt for a long term affordable rental through MPLP. Both options would entail a thorough rehabilitation of the property and will require temporary relocation. Cooperative homeownership requires an additional level of responsibility, which is why there are eligibility requirements. To ensure a cooperative will be viable, HPD will continue to work closely with TA's to help ensure that complete financial reports are submitted on time, rents are collected, and annual elections are conducted.

We realize that financial reporting and other requirements can be onerous for some TA's. That is why HPD -- through its contracted partners NHS and UHAB -- provides training sessions covering all aspects of building management. HPD also offers its own trainings directly to TAs; in fact, we are currently providing a series of hands-on trainings on financial management. In November 2016, NHS was awarded the TIL training and technical assistance contract. UHAB continues to provide technical assistance via classroom training sessions. We are also considering a tenant-to-tenant training program to encourage successful TAs or HDFC cooperatives to share best practices with their less successful counterparts.

The second set of solutions we are offering will improve the immediate quality of life of our TIL residents by addressing current building conditions. HPD commits to a program to improve the repair protocol.

HPD currently covers the cost of fuel/utility services for *some* TIL buildings. Today, we are announcing that we will now pay fuel costs for *all* 148 TIL buildings. This will allow tenant associations to have additional funds in their operating accounts to pay for apartment and building repairs. This will also allow repairs and improvements to be made faster, as TAs contract and utilize their own contractors.

With HPD paying for fuel costs, we project that each tenant association will now have an average of approximately \$24,000 per year to devote to improvements like painting apartments and common areas, plumbing work, floor repairs and improving lighting in public areas to improve safety for the building residents. HPD will continue to assist the tenant associations with paying for major systems replacements and repairs, if the tenant association has insufficient funds in their operating account, until the gut renovation begins in ANCP or MPLP.

In addition, we are currently working on reallocating Capital funds so that we can repair the roofs and boilers during the summer months in those buildings most in need of these repairs. The roof to cellar inspections will assist in that prioritization.

All of this work will be facilitated by our recent restructuring of TIL operations. For the first time, one Assistant Commissioner will focus on nothing but making TIL buildings coop-ready and repairs. Our new AC in that role is here with us today and we would like to introduce you to Wanjiru Bila. Wanjiru is my former Director of Finance and has a working knowledge of the operational, financial, and compliance requirements of the TIL Program and hands on experience working with cooperatives to determine feasible options. Ms. Bila is also familiar with building inspections and technical assessments, including reviewing inspection reports and determining repair and remediation work with inspectors. We will also have a new TIL director on board in early May and look forward to the work of this dynamic new team as it implements our "Partners in Planning" approach.

Lastly, but perhaps most importantly, HPD is working to fortify our ANCP program in order to transition buildings out of TIL.

We have made significant progress during this administration in expediting ANCP and are actively exploring ways to further enhance the program. In late 2015, we issued an RFQ in order to expand the pool of qualified developers and we have recently begun to finance the rehabilitation of properties in clusters of buildings so we commence rehabilitation faster. We have closed on financing for 6 projects, which signals movement in the right direction. Identifying sponsors for specific buildings is the key first step in ANCP: this is the point when the approvals necessary to renovate the buildings are secured and the property enters pre-development. We have now identified sponsors for 35 properties, and expect to have sponsors identified for 13 additional properties this spring. That means that about 1/3 of the remaining TIL properties are now in or will be in pre-development in the next few months.

We will also re-release the RFQ in 2017 to further expand the pool of potential developers and pick up the pace of this program. As this year progresses, we should have a clearer time estimate on when all TIL properties will have an identified sponsor.

We understand tenants have concerns about being able to save the \$2,500 needed to purchase their ANCP unit and we are committed to ensuring that the \$2,500 will not be an obstacle to ownership for TIL tenants. In order to assist existing tenants working to save for their purchase into the cooperative, HPD is exploring setting up a rent-to-own savings program for tenants with incomes at or below 80%

AMI in which a portion of a tenant's rent paid during the construction period will be available for the tenant to purchase shares in the cooperative. Through this method or others we may consider, we will ensure that the \$2,500 price does not stop TIL tenants from having the opportunity to buy their homes.

We are continuing to meet with stakeholders to listen to their concerns and determine how we may address them. For example, just last week we met with representatives from Pa'lante and had a productive discussion that increased mutual understanding. We are considering their recommendations and will meet again in May.

What is clear is that HPD, the TAs, tenants, advocates and this Council share the same objective: to ensure that all TIL residents end up in high quality, sustainable, affordable homes. We are now making progress toward that shared goal, and want to keep the momentum going. We look forward to a continued partnership with the Council in identifying issues and implementing comprehensive solutions to the TIL challenge.

Thank you. We are happy to answer any questions you may have.



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Gale A. Brewer, Borough President

**Manhattan Borough President Gale A. Brewer
Testimony to the New York City Council Committee on Housing and Buildings
On the Oversight of the Tenant Interim Lease (TIL) Program
April 27, 2017**

Thank you to Chair Williams and members of the Committee on Housing and Buildings for holding this important oversight hearing to discuss the Tenant Interim Lease (TIL) program and its successor, and Affordable Neighborhood Cooperative Program (ANCP).

TIL was established in 1978 as a rent-to-own affordable homeownership program during a time when New York City was seeking to shed ownership of its portfolio of tax-foreclosed *in rem* properties. In its almost 40 years of existence, the program has created over 9,700 homeownership units for low-income households in Manhattan alone, and over 17,000 units citywide, according to 2015 data provided by HPD on the number of HDFC co-op units that were established through TIL. Today, about 150 TIL buildings totaling just under 2,500 units citywide remain in the pipeline to be converted into HDFCs.¹

Transition from TIL to ANCP

The housing market crash in 2008 put a halt to TIL. Financing became scarce, and HPD was unable to move ahead with capital repairs to prepare buildings for HDFC conversions. Furthermore, upon evaluation of the TIL program, the City's Office of Management and Budget recommended HPD to either discontinue or restructure TIL for financial sustainability reasons. As the housing market recovered in early 2010s and low-income homeownership became once again a viable initiative for HPD, the agency opted to keep low-income homeownership as a priority and transitioned TIL into ANCP.²

While ANCP is far from perfect, I do commend HPD for adhering to two of the core goals of ANCP: 1) commitment to homeownership opportunities for low-income New Yorkers and 2) commitment to full rehabilitation to ensure residents begin their tenure as shareholders with a structurally sound building. The question is how to achieve homeownership and good quality of life without compromising the ability of low-income households to afford living in their units for the long term.

TIL Problems

I have seen many TIL buildings that were deemed financially unfit to move ahead with ANCP because they had been left languishing in TIL for so long. Over the years, tenants moved out or

¹ 150 TIL buildings based on HPD at March 15, 2017 preliminary budget hearing.

² Information about TIL and ANCP's history from a presentation by HPD Deputy Commissioner of Asset and Property Management Anne-Marie Hendrickson, on May 8, 2014 at a TIL/ANCP Forum jointly-sponsored by then-NYS Assembly Member Keith Wright and PALANTE, a housing advocacy group.

passed away, but HPD would not permit tenant leaders to fill the vacancies. In fact, as of 2016, out of approximately 2,500 units in HPD's TIL portfolio throughout New York City, almost 900 units were vacant.³

HPD maintains that vacant units are needed to facilitate tenant relocation when a TIL building undergoes rehab. But relocation alone does not warrant such a high percentage of vacancy, nor does it address why HPD would not allow short-term leases within TIL buildings. HPD is essentially warehousing vacant units so that there is insufficient rental income to sustain even basic operations of TIL buildings, let alone addressing the repair needs that would come up as the housing stock continues to age.

Currently, "failed" TIL buildings do not move onto ANCP but are placed into a multifamily preservation program. Buildings in this track would not become a co-op but would remain an affordable rental building under third-party ownership and management. For these "failed" TILs, rather than relying on SCRIE and Section 8 (though good programs) to guarantee tenants' continued ability to afford their units, I want to suggest the possibility of allowing tenants to choose to enter into a Community Land Trust (CLT). Many of the recently formed CLTs throughout New York City are committed to sustained, deeply affordable housing for households in the lowest income brackets, i.e., the income levels of many TIL tenants. They can be the ideal mechanism to ensure TIL remains a program true to its purpose of providing housing to truly low-income tenants.

The East Harlem El Barrio CLT, for example, has for years expressed interest to HPD in bringing TIL buildings under CLT ownership. It has developed a financial model to demonstrate how it can maintain TIL units as housing for the very and extremely low income populations via a mutual housing association model. For TIL buildings that are never going to become HDFCs, CLTs should be an option available for tenants' consideration.

ANCP and Affordability

TILs that move onto ANCP have the opportunity to become HDFC co-ops. It is good—and responsible—for HPD to ensure that an HDFC starts off in the best physical condition possible. I am particularly supportive of having mission-driven nonprofits such as community development corporations as rehab partners for ANCP buildings in order to keep costs low.

However, ANCP's model of rehabilitation requires loans to be taken out to sustain rehab. This results in a new HDFC being encumbered with a mortgage on the building from the very beginning. Shareholders will need to pay higher monthly maintenance toward the building's debt service in addition to covering ongoing operating costs.

I have been working closely with tenants of 615 West 150th Street, a TIL building in the beginning stages of rehab. Tenants in this building are mostly elderly and live on very limited income. Without Section 8 assistance, many of them would not be able to afford the projected maintenance once the building becomes an HDFC, calculated at 60% of Area Median Income, which includes anticipated debt service.

³ http://gothamist.com/2016/03/09/nyc_affordable_housing_vacancy.php

For buildings like 615 West 150th Street, the best way to ensure affordability is to eliminate the need for a rehab loan. City Council should explore options to ensure ANCP rehabilitations receive the necessary capital funding to cover all eligible items. Additionally, City Council and HPD should jointly explore ways to finance rehab items that are not covered under a Councilmember's or the Borough President's capital grants. I am looking into potential foundation funding to assist 615 West 150th Street. There may be other sources of funding that can be used to offset all or a portion of the loan amount needed to cover a building's rehab.

Securing resources to fully fund building rehab would also eliminate the need to sell vacant units at high prices as a strategy to pay down the loan principal of a building's mortgage. I am strongly against pricing vacant units at prices beyond what most existing tenants in the building can afford. HPD's definition of affordability can be as high as 165% AMI, and for ANCPs that my office has been working with, sale prices are priced at 110% AMI—still very high, since 110% AMI for a family of four means an annual household income of almost \$105,000.⁴ These higher income households can afford units at several hundred thousands of dollars, a stark contrast to existing TIL tenants who may have difficulty saving the \$2,500 needed to buy their units under ANCP. The reality of income inequality within a building is going to be immediately felt. It will inevitably lead to financial decisions made by one group that another group cannot afford, most likely resulting in lower income shareholders being priced out of their own homes when maintenance becomes too high to afford.

Finally, if a building is not dependent on high-price sales, then its vacant units can be used to offer housing to working families who do not have a home. New York City has a 60,000-people homelessness crisis. An IBO report released earlier this week estimates that over 33,000 school children have spent at least some of their nights in a shelter. I urge HPD and City Council to explore options with HRA to transition some homeless families and individuals into ANCP buildings ready to become HDFCs. There are working families in our city's shelter system. They can be perfect candidates for one of the only remaining homeownership programs in New York City designed specifically for low-income households. And lest anyone think that ANCP tenants would object to having formerly homeless neighbors, tenants at 615 West 150th Street were very open to the idea of filling their building's vacant units with working people from homeless shelters.

In summary, I believe that ANCP does not have to stick to a model that would create building inhabitants at two tiers of income. There can be creative ways to use ANCP to offer truly affordable homeownership opportunities for the low income population, mitigate the city's homelessness crisis, and to move away from ANCP's current reliance on unit sales and re-sales to maintain a building's viability as a co-op.

Thank you for the opportunity to testify today. I look forward to working with you to make homeownership more affordable for New York City's low-income families.

⁴ Calculations based on FY2017 Area Median Income data from the HUD portal (<https://www.huduser.gov/portal/datasets/il/il2017/2017summary.odn>). FY2017 50% AMI for a family of four is \$47,700; 80% AMI is \$76,300; and 110% AMI would be \$104,940.

**Testimony of the Bich Ha, Director of Policy for the Public Advocate for the City
of New York, Letitia James,**

Before the Committee on Housing and Buildings

April 27, 2017

Good afternoon. My name is Bich Ha Pham, Policy Director for New York City Public Advocate Letitia James, and I am here today to submit testimony on her behalf. We would like to thank the Chair, Councilmember Williams, and his staff, as well as the committee staff, for holding this hearing on this vitally important issue.

The Public Advocate would also like to convey her apologies for her inability to be here in person. She is attending funeral services for Firefighter William Tolley who lost his life in the tragic fire in Queens.

The Tenant Interim Lease (TIL) Apartment Purchase Program is an HPD program created in the late 1970s that "assists organized tenant associations in City-owned buildings to develop economically self-sufficient low-income cooperatives where tenants purchase their apartments for \$250." In addition to preserving affordable housing and ownership, an important TIL goal was that these homeowners would become anchors to maintain stable communities and help improve the city's finances.

Unfortunately, this once promising and successful program is now rife with problems ranging from lack of funding for the rehabilitation, slow progression through the program to inadequate training and assistance to lack of communication, transparency and tenant choice and even corruption.

At the beginning of the TIL program's existence, participating buildings would be in TIL for roughly three to five years; now many buildings have been languishing for an average of 13 years. This sets the program up for failure because, as time passes, motivation and technical know-how of the residents declines as does the physical state of the buildings themselves.

The City recently created a new program, the Affordable Neighborhood Cooperative Program (ANCP), supposedly to expedite the cooperative conversion process through qualified developers to rehabilitate distressed city-owned occupied multi-family properties. Unfortunately, co-ops created under ANCP will not be permanently affordable because developers are given a 30 year tax abatement similar to those with the Mitchell-Lama program. The expiration of the tax abatement will likely lead to the loss of affordable units due to subsequent rent increases.

Concerns have also been raised that the ANCP will leave TIL/HDFC tenants and buildings in financial stress because of the large amount of debt from the construction loan that the buildings will have to pay off, which will be added to tenants' co-op maintenance charges.

The Mayor's Executive Budget does provide \$413.2 million to fund the rehabilitation and disposition of City-owned housing units, which will be rehabilitated and then sold or rented to low, moderate and middle income households. The City must ensure that all of the TIL buildings receive sufficient funding to timely rehabilitate the buildings for conversion to low-income cooperatives as was promised to its tenants and the community when these tenants agreed to give up their rent stabilized leases and the buildings entered the TIL program.

HPD should also be adequately staffing the TIL program, and training and overseeing its TIL workers to ensure that the TIL Tenant Associations and buildings are being moved along towards conversion in a timely manner. HPD must also develop an effective system to track the progress and status of the buildings so that it can address delays and remove barriers to the conversion process.

Housing advocates have expressed concern that HPD's training to tenant associations is not adequately preparing tenants for the reality of what it takes to own and run a building in 2017. HPD must therefore ensure that its TIL employees are providing all of the services needed, including in appropriate languages; that the training is relevant to preparing the tenants to manage a building; and that the TIL staff are actively engaging, as well as monitoring, the Tenant Associations.

Finally, there are significant concerns about corruption within the TIL program, both according to a Department of Investigation (DOI) report and to more recent interviews by our office with individuals familiar with the current state of the program. HPD must ensure that it is fully complying with the DOI agreed upon anti-fraud measures, and make clear that no special access will be granted to TIL units for HDP staff, friends, family, etc.

The Affordable Neighborhood Cooperative Program (ANCP) should be postponed until an independent review is conducted to determine all the options available to timely rehabilitate and convert the existing TIL buildings into low-income cooperatives. The City should look to meet its original obligation to these tenants, buildings and communities of 100% permanent affordability. The TIL TAs needs to be consulted and their input incorporated into the final decision.

The TIL program is based on noble goals and sound logic, but its current incarnation leaves a great deal to be desired. Our office looks forward to working with members of the Council and with HPD to ensure that TIL once again lives up to its promise. Our

office would also like to share our Policy Brief released today on this issue which is included with our testimony.

Thank you for inviting our office to this hearing today and for giving me the opportunity to testify on the Public Advocate's behalf.



Letitia James

Public Advocate for the City of New York

POLICY BRIEF: Preserving Quality Affordable Housing by Adequately Funding and Administering the HPD Tenant Interim Lease (TIL) Program

BACKGROUND ON THE TENANT INTERIM LEASE (TIL) PROGRAM

The Tenant Interim Lease (TIL) Apartment Purchase Program is an HPD program created in the late 1970s that “assists organized tenant associations in City-owned buildings to develop economically self-sufficient low-income cooperatives where tenants purchase their apartments for \$250. Tenant associations enter into a lease with the City to maintain and manage the buildings in which they live.”ⁱ In addition to preserving affordable housing and ownership, an important TIL goal was that these homeowners would become anchors to maintain stable communities and help improve the city’s finances.ⁱⁱ

There are currently 145 TIL buildings with 2,322 units across New York City: 117 buildings in Manhattan, 16 buildings in Brooklyn, and 12 buildings in the Bronx.ⁱⁱⁱ HPD’s goal is for the buildings to be in TIL for three to five years in order to achieve financial viability and stability.^{iv} In actuality, buildings have remained in TIL for an average of 13 years—and none of the buildings have been in TIL fewer than 10 years.^v

HPD has a new program, the Affordable Neighborhood Cooperative Program (ANCP), which it claims will expedite the cooperative conversion process.^{vi} ANCP “selects qualified developers to rehabilitate distressed city-owned occupied multi-family properties, managed by the [TIL Program], in order to create affordable cooperatives for low and moderate-income households.”^{vii}

HOW THE TENANT INTERIM LEASE (TIL) PROGRAM WORKS

The Tenant Interim Lease (TIL) Apartment Purchase Program provides training to tenant associations in building management, maintenance, and financial recordkeeping. During the City-ownership period, the building undergoes rehabilitation so that the tenants are able to reside in a safe and habitable building. The tenants also pay rent during this period which covers operating expenses, minor repairs, and management fees.^{viii}

POLICY BRIEF: Preserving Quality Affordable Housing by Adequately Funding and Administering the HPD Tenant Interim Lease (TIL) Program

Tenants in TIL buildings must form a Tenant Association (TA), conduct regularly scheduled elections, and take on the established responsibilities of running the building, such as managing the financial affairs.^{ix}

While the building is in TIL, HPD maintains three levers of control^x:

“First, HPD assigns a financial reviewer to review the TA’s monthly financial report, which provides an account of the TA’s income and expenditures.

“Second, HPD has access to the TA’s bank accounts through riders that the TA and bank execute upon establishing a bank account.

“Finally, HPD has the power to place delinquent buildings on probation and, as an ultimate sanction, it has the power to revoke a building from TIL.”

Once the TIL building completes the rehabilitation and tenant training process, it becomes a low-income cooperative where rents are restructured so that buildings remain financially viable after sale.^{xi}



PROBLEMS WITH HPD’S SUPPORT OF TIL BUILDINGS AND TRAINING OF TENANTS

Concerns about the Tenant Interim Lease (TIL) Apartment Purchase Program were raised recently at the Public Advocate James’s Talk to Tish town hall in Harlem in March 2017 where residents shared that their TIL building was not being well-managed and discussed concerns with HPD’s new Affordable Neighborhood Cooperative Program (ANCP).^{xii} These concerns were not new. The Public Advocate’s office has maintained consistent contact with a group of TIL tenants and cooperators. In April 2016, her representatives attended a tenant association meeting at a Brooklyn TIL building and heard the frustrations of long-term residents about faulty HPD oversight and constantly shifting policies. Concerns were also raised with Mayor de Blasio regarding a TIL building at 615 West 150th St. where tenants had been moved out in 1996 for what was supposed to be a two-year rehabilitation period—but to date the remodeling has not been completed and tenants reported having their possessions locked up without being provided access.^{xiii} Concerns with the TIL program were also discussed at the March 2017 City Council budget hearing on housing.

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POLICY BRIEF: Preserving Quality Affordable Housing by Adequately Funding and Administering the HPD Tenant Interim Lease (TIL) Program

In discussions with affordable housing groups and TIL building residents, the Public Advocate's Office has learned that there are a number of challenges, both in the TIL program and in the transition from TIL to ANCP.

Slow progression through the TIL program

At the beginning of the TIL's existence, participating buildings would be in TIL for roughly three to five years; now many buildings have been languishing for an average of 13 years. In addition, HPD is not allowing buildings to fill vacancies when people move out or pass away, contributing to a very high vacancy rate and a resident population that skews very elderly. Of the current 2,322 TIL units, 884 units are vacant—that's almost 40 percent.^{xiv}

The delayed transition process is also problematic because as more time passes, the Tenant Associations (TAs) become less able to sustain energy and the technical capacity to self-manage, which is a fundamental requirement of successfully transitioning out of TIL to become a self-sufficient and self-managing low-income cooperative.^{xv} To make matters worse, the Department of Finance has repeatedly raised property taxes on TIL buildings, often to unsustainable levels.^{xvi} Many of the buildings have also become more dilapidated; HPD estimated in 2013 that approximately 30 percent of the buildings have some degree of financial distress, and many have Department of Buildings' violations.^{xvii}

One housing group shared that a partial explanation for the long TIL transition time is that in the mid-90's, HPD shut down its Central Management Department and "dumped the remaining occupied City-Owned properties from that department into the TIL program, whether they wanted to be in the program or not.... The original TIL buildings were highly motivated and had to apply to get into the program and complete five classes before even being accepted into the program. So, many of the remaining buildings in the program were placed in the program against their will and were not as excited, energetic, passionate and motivated about the opportunity for home-ownership as buildings/residents who clamored to be in the program."^{xviii}

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POLICY BRIEF: Preserving Quality Affordable Housing by Adequately Funding and Administering the HPD Tenant Interim Lease (TIL) Program

Inadequate training and assistance to tenant associations to become owners

Housing advocates also expressed concern that HPD's training to tenant associations is not adequately preparing tenants for the reality of what it takes to own and run a building in 2017.

For example, tenant associations must track their income and expenses on an HPD-made Excel template that is emailed to tenants quarterly, resulting on a reliance on HPD that is unnecessary and not reflective of how co-ops manage their finances. Additionally, rents do not go up while a building is in TIL, meaning many residents are paying rents as low as \$250/month. Because buildings are now expected to take out large loans to pay for their renovation at time of conversion to cooperatives, maintenance fees could end up being twice as much as what tenants are used to paying, or more.^{xix}

Tenant Associations report that HPD staff has not adequately performed their jobs, because they were frequently unavailable or unreliable, inadequately trained or inexperienced, or failed to follow-up on critical matters. It appears that HPD failed to work closely with some of the TIL building TAs until problems became serious and were spiraling out of control.^{xx}

An additional problem is that HPD has not provided bilingual information to tenants despite the fact that there are many buildings where the majority or all of the residents are Spanish speakers.^{xxi}

Lack of communication, transparency, and tenant choice



Housing and community advocates share that there has been very little communication from the City about why certain buildings have been selected for the new the Affordable Neighborhood Cooperative Program (ANCP), how quickly ANCP buildings will be developed, and what will happen to the buildings that are still remaining in TIL.^{xxii}

HPD has also left tenants out of other decisions. Tenants are not generally able to choose the developer of their building, or weigh in on significant decisions about the renovation work that will be done.^{xxiii}

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POLICY BRIEF: Preserving Quality Affordable Housing by Adequately Funding and Administering the HPD Tenant Interim Lease (TIL) Program

PROBLEMS WITH CORRUPTION IN THE TIL PROGRAM

The City's Department of Investigation (DOI) found in 2014 that the Tenant Interim Lease (TIL) Apartment Purchase Program contained "significant corruption vulnerabilities" that allowed the former Treasurer of the Tenant Association of a TIL building to steal over \$50,000 for the building.^{xxiv} The former Treasurer accomplished this fraud by writing checks to herself, stealing rent, and living "rent-free".^{xxv} She was able to cover up the fraud by submitting false and misleading financial reports to HPD, issuing phony rent receipts, and misappropriating rents paid by relocated tenants.^{xxvi}

Based on the DOI investigation and findings, HPD agreed to take the following actions to address these corruption vulnerabilities:

- HPD will provide training for its TIL financial reviewer employees in reviewing and auditing financial reports;
- HPD will ensure that it has full and unfettered access to the books and records of the Tenant Association (TA's) accounts by enforcing its riders;
- HPD will revise its process for tracking and accounting for the rent receipts of tenants who are relocated; and,
- HPD will improve its corrective actions for TIL buildings that are in probation or delinquent in submitting financial reports.


The Public Advocate's Office has requested information from HPD regarding its compliance with these steps since 2014.

There have also been concerns expressed regarding corruption within HPD in regards to TIL. Contacts with the Public Advocate's Office state that TIL is rife with corruption. It is alleged that HPD staff look to get their friends, family or themselves special access to TIL units by asking TIL staff to locate and process units for these individuals. It is alleged further that HPD is not sufficiently overseeing its TIL staff which has led to TAs not receiving adequate and timely training, or oversight. The Public Advocate's Office has requested information from HPD on these matters. These matters, including the DOI investigation, were recently reported on by local media.^{xxvii}

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POLICY BRIEF: Preserving Quality Affordable Housing by Adequately Funding and Administering the HPD Tenant Interim Lease (TIL) Program

CONCERNS WITH AFFORDABLE NEIGHBORHOOD COOPERATIVE PROGRAM (ANCP)

HPD's new program, the Affordable Neighborhood Cooperative Program (ANCP), supposedly expedites the cooperative conversion process through qualified developers to rehabilitate distressed city-owned occupied multi-family properties. ANCP is managed by the Tenant Interim Lease (TIL) Apartment Purchase Program and shares the similar goal of rehabilitating the distressed properties to create affordable cooperatives for low- and moderate-income households.^{xxxviii}

Under ANCP, HPD created an entity, the "Restoring Communities HDFC," in order to transfer the TIL buildings to private developers upon the closing on a construction loan. After rehabilitation and cooperative conversion, the buildings are conveyed to the newly formed cooperative HDFC.^{xxix} TIL buildings that are in need of moderate or substantial rehabilitation are eligible for ANCP.^{xxx} Unfortunately, co-ops created under ANCP will not be permanently affordable because developers are given a 30 year tax abatement similar to those with the Mitchell-Lama program. The expiration of the tax abatement will likely lead to the loss of affordable units due to subsequent rent increases.^{xxxi}

Concerns have been raised that the ANCP will leave TIL/HDFC tenants and buildings in financial stress because of the large amount of debt from the construction loan that the buildings will have to pay off, which will be added to tenants' co-op maintenance charges.^{xxxi, xxxiii} There will thus be a significant increase for tenants from the typical TIL rent of \$200-400 per month to maintenance charges that can be up to 60% of Area Median Income (AMI), which is about \$4,500 for a family of four. HPD's plan is to subsidize the maintenance costs using HUD Section 8 funds, but advocates raise reasonable questions about the reliability of those funds given the proposed cuts to the federal budget and past budget cuts.^{xxxiv} Thus, instead of owning a TIL/HDFC building free-and-clear, the buildings will have a lien, presumably for the duration of the ANCP 30 year tax abatement. Tenants will likely have higher monthly maintenance charges, and the ANCP "buy-in" will be \$2,500 instead of the \$250 that was promised when the tenants agreed to give up their rent stabilization status to enter the TIL program.^{xxxv}

Another concern with ANCP is the loss of affordable units. Under TIL, all of the units would have remained affordable; but under ANCP, some of the units will be for moderate-income people. HPD's aim is that the revenue from the sale of these moderate-income units will go towards off-setting some of the rehabilitation costs.^{xxxvi} According to statements made by then-HPD Deputy Commissioner for the Office of Asset and

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Property Management Ann-Marie Hendrickson, HPD has had this plan in mind for years because it was warehousing a significant percentage of TIL units (estimated at around 40 percent^{xxxvii}).^{xxxviii} Unfortunately, the warehousing of these units has had the effect of weakening the TAs and the financial strength of TIL buildings since they were running at only 60% capacity.

RECOMMENDATIONS

The City must ensure that all Tenant Interim Lease (TIL) Apartment Purchase Program buildings receive sufficient funding to timely rehabilitate the buildings for conversion to low-income cooperatives. HPD should also be adequately staffing the TIL program, and training and overseeing its TIL workers to ensure that the TIL Tenant Associations (TAs) and buildings are being moved along towards conversion in a timely manner. HPD must develop an effective system to track the progress and status of the buildings so that it can address delays and remove barriers to the conversion process.

HPD must ensure also that its TIL employees are providing all of the services needed, including in appropriate languages; that the training is relevant to preparing the tenants to manage a building; and that the TIL staff are actively engaging, as well as monitoring, the TAs. Lastly, HPD must ensure that it is fully complying with the DOI agreed upon anti-fraud measures, and makes clear that no special access will be granted to TIL units for HDP staff, friends, family, etc.



The Affordable Neighborhood Cooperative Program (ANCP) should be postponed until an independent review is conducted to determine all the options available to timely rehabilitate and convert the existing TIL buildings into low-income cooperatives. The City should look to meet its original obligation to these tenants, buildings and communities of 100% permanent affordability. The TIL TAs needs to be consulted and their input incorporated into the final decision.

The review of the ANCP is a good time to reinvigorate TIL and significantly improve how it is managed to ensure that tenants are treated as valuable stakeholders throughout the process. This requires that HPD communicate regularly with the TAs about its plans and create a process for timely tenant input. TIL will only be successful if the building TAs are motivated and empowered—and are trained to be able to fully participate.

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ⁱ <http://www1.nyc.gov/site/hpd/developers/development-programs/til.page>

ⁱⁱ Siegel Teitelbaum & Evans, LLP, “Broken Promise: New York City’s Tenant Interim Lease Program And Those Left Behind,” February 11, 2017.

ⁱⁱⁱ Urban Homesteading Assistance Board (UHAB) [Personal Communication, March 13, 2017].

^{iv} <http://www1.nyc.gov/assets/doi/downloads/pdf/2014/Sept14/TIL%20Rpt.pdf>

^v Ibid.

^{vi} Jordan Press, Government Relations Unit, New York City Department of Housing and Preservation Department (HPD) [Statement at the Office of the Public Advocate’s Harlem Talk to Tish event, March 1, 2017].

^{vii} http://www1.nyc.gov/assets/hpd/downloads/pdf/developers/term-sheets/PDF_ANCP_Term_Sheet.pdf

^{viii} <http://www1.nyc.gov/site/hpd/developers/development-programs/til.page>

^{ix} <http://www1.nyc.gov/assets/doi/downloads/pdf/2014/Sept14/TIL%20Rpt.pdf>

^x Ibid.

^{xi} <http://www1.nyc.gov/site/hpd/developers/development-programs/til.page>

^{xii} Statement at the Office of the Public Advocate’s Harlem Talk to Tish event, March 1, 2017.

^{xiii} <http://nypost.com/2017/03/21/de-blasio-shocked-by-displaced-tenants-10-year-renovation-saga/>

^{xiv} Urban Homesteading Assistance Board (UHAB) [Personal Communication, March 13, 2017].

^{xv} Ibid.

^{xvi} Siegel Teitelbaum & Evans, LLP, “Broken Promise: New York City’s Tenant Interim Lease Program And Those Left Behind,” February 11, 2017.

^{xvii} Ibid.

^{xviii} Personal communication with the Office of the Public Advocate and affordable housing group.

^{xix} Ibid.

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^{xx} Siegel Teitelbaum & Evans, LLP, "Broken Promise: New York City's Tenant Interim Lease Program And Those Left Behind," February 11, 2017.

^{xxi} Personal communication with the Office of the Public Advocate and affordable housing group.

^{xxii} Ibid.

^{xxiii} Ibid.

^{xxiv} <http://www1.nyc.gov/assets/doi/downloads/pdf/2014/Sept14/TIL%20Rpt.pdf>

^{xxv} Ibid.

^{xxvi} Ibid.

^{xxvii} <http://nypost.com/2017/04/20/special-housing-program-is-probed-for-alleged-scam/>

^{xxviii} http://www1.nyc.gov/assets/hpd/downloads/pdf/developers/term-sheets/PDF_ANCP_Term_Sheet.pdf

^{xxix} Ibid.

^{xxx} Ibid.

^{xxxi} Siegel Teitelbaum & Evans, LLP, "Broken Promise: New York City's Tenant Interim Lease Program And Those Left Behind," February 11, 2017.

^{xxxii} Personal communication with Barry Weinberg, Community Board 9 Housing and Land Use Committee Member, April 19, 2017.

^{xxxiii} Siegel Teitelbaum & Evans, LLP, "Broken Promise: New York City's Tenant Interim Lease Program And Those Left Behind," February 11, 2017.

^{xxxiv} Ibid.

^{xxxv} Ibid.

^{xxxvi} Ibid.

^{xxxvii} Urban Homesteading Assistance Board (UHAB) [Personal Communication, March 13, 2017].

^{xxxviii} Siegel Teitelbaum & Evans, LLP, "Broken Promise: New York City's Tenant Interim Lease Program And Those Left Behind," February 11, 2017.

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STATEMENT OF NORMAN SIEGEL

APRIL 27, 2017

Our Special Report - "BROKEN PROMISE: New York City's Tenant Interim Lease Program And Those Left Behind" was prepared to assist the advocacy work of PALANTE HARLEM.

We share PALANTE'S Goals to:

1. Bring needed public attention to New York City's unfulfilled commitment to provide low income New Yorkers in the Tenant Interim Lease (TIL) program with cooperative ownership of their apartments and building.
2. Persuade government officials and community leaders to join us in insisting that the City fulfill that commitment.

Today as the City rides an economic upsurging - its low income residents find it increasingly difficult to secure decent and affordable housing. These forces along with recent changes in City housing policies have come together to threaten low income New Yorkers discussed in this Report with the loss of their homes and their dreams for a better life.

The TIL program began in 1978 with the promise that low income New Yorkers could create Tenant Associations (TAs) and take over In Rem Buildings, stabilize the buildings and have the opportunity to purchase their apartments for \$250.

The TIL program reflected an evolving historical understanding and commitment by New York City that we had a practical and moral obligation to make safe, healthful and affordable living conditions a fundamental right.

Yet, this commitment - this promise has been broken.

For too too many the promise never was fulfilled. For too too many their dreams have been at best deferred and at worst turned into a nightmare. It does not and should not be this way.

- * Maintenance of the buildings were lacking.

- * Conditions in some of the building are simply unacceptable. There was a deliberate indifference on the part of the City.

This report cites: mold problems caused by leaking roofs, sporadically - functioning boilers, broken windows, rat and bedbug infestations

- * And warehousing of vacant units - residential as well as commercial - were extremely destructive to the success of TAs - - - with the result of less income for the TAs and raising questions - why not allow the TAs to rent units? Why was a TA not allowed to lease its commercial space to a national chain store for a 5 year lease for a \$50,000 signing bonus and a

\$5,000 per month rental fee and a 10% increase every five years? Why keep the space vacant? It makes no sense unless there was another agenda and perhaps there was.

The TIL tenants whose decades of commitment, investment, struggle and cooperative low income housing management as spelled out in the Report deserve better. In fact, they deserve what they were promised and what they earned. Permanent affordable ownership of truly low-income co-op housing, located in the homes they have preserved and called their own. It is time for the City to fulfill that promise. It is time for the City to live up to the spirit and intent of the TIL program as it was meant to be nearly 40 years ago. It is time to help these New Yorkers.

Recommendations

We made 14 recommendations in the Report.

See pages 39 - 42. Let me touch on just 2.

1. The history and status of each remaining TIL TA and their buildings should undergo a 1 year review by an independent commission to determine whether in each case the best permanent outcome would be as an Housing Development Fund Corporation (HDFC) Co-op or an Affordable Neighborhood Cooperative Program (ANCP) Co-op.

* During this review there should be a moratorium on transferring TIL Buildings.

2. With regard to ANCP, TIL residents whose buildings enter ANCP must be fully protected from unaffordable charges that would expose them to the risk of foreclosure, evictions and homelessness.

For example - they need to be grandfathered in. If Section 8 or a similar government program is not available, at any time, the City and/or the developer must assume responsibility for paying the difference between their TIL rent and the ANCP Maintenance, any increases, special assessments and/or other charges levied by the Co-op.

Thank You.



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**Testimony by Salvatore D'Avola, Executive Director
Neighborhood Restore Housing Development Fund Corporation
Restoring Communities Housing Development Fund Corporation**

**Oversight Hearing by New York City Council
Housing and Buildings Committee:
HPD's Tenant Interim Lease Program/Affordable Neighborhood Cooperative Program**

April 27, 2017

Good Afternoon, my name is Salvatore D'Avola and I am the Executive Director of Neighborhood Restore Housing Development Fund Corporation ("Neighborhood Restore"). I'd like to thank Chairman Williams and members of the City Council's Housing and Buildings committee for allowing me to testify today.

Neighborhood Restore and its affiliate non-profit entities work closely with New York City Department of Housing Preservation and Development ("HPD") on developing housing programs that seek to transition physically and financially distressed properties into affordable community assets. Since 1999, Neighborhood Restore has successfully preserved over 7,500 units of affordable housing in 1,200 properties throughout New York City.

Our involvement with buildings seeking to become low income cooperatives dates back to the early years of HPD's Third Party Transfer ("TPT") Program when the City permitted tenants living in foreclosed buildings coming into the Program to "petition" the City, putting them on a path towards cooperative ownership. As a tenant petition building, an HPD-designated community-based sponsor manages the building while in Neighborhood Restore's ownership while planning for the future rehabilitation and guiding the tenants, either directly or by partnering with an experienced training organization such as UHAB, toward achieving the Program's milestones for its eventual conversion to a low income cooperative. Tenant petition buildings are rehabilitated with both private and public financing and, upon conversion, assume both private and public debt. Existing tenants purchase their apartment for \$2,500. Since 2001, 39 tenant petition buildings have successfully converted to cooperative ownership.

Given Neighborhood Restore's experience with TPT tenant petition buildings, HPD sought our assistance and involvement when creating the Affordable Neighborhood Cooperative Program ("ANCP") as a successor to the Tenant Interim Lease ("TIL") Program. HPD's testimony during this hearing has provided its reasons for the changes to its cooperative ownership program. Therefore, I will not reiterate those reasons in my testimony.

Through our affiliate, Restoring Communities Housing Development Fund Corporation ("Restoring Communities"), we facilitate the rehabilitation and subsequent transfer to cooperative ownership of city-owned buildings which were previously self-managed by the tenants in TIL. Restoring Communities collaborates with HPD, private lenders, qualified sponsor/developers and existing tenants through its engagement in the rehabilitation planning of the properties and their successful conversion to tenant-controlled cooperatives. As the interim

owner during rehabilitation, Restoring Communities acts as HPD's fiduciary by ensuring that sponsor/developers carry out their development duties and guide the tenants' preparation in taking control of and operating the properties as low income cooperatives. The rehabilitation is financed by a combination of private funds and HPD and New York State Affordable Housing Corporation ("AHC") subsidies. Restoring Communities applies for and acts as the steward of the AHC grant funds awarded to the buildings.

In preparation for the final transfer of ownership to newly formed cooperatives (Restoring Communities, HPD and sponsor/developers work diligently to ensure the timeliness and quality workmanship of the rehabilitation. Additionally, offering plans are drafted, reviewed and approved by the NYS Attorney General, and that tenants complete the required cooperative training courses. These newly formed cooperatives are required to have third-party property managers and monitoring agents and an annual increase in their maintenance charges to ensure that the properties remain financially viable to operate and adhere to all requirements outlined in regulatory agreements. Existing tenants purchase their apartments for \$2,500 and vacant apartments are marketed and sold to qualified purchasers at an affordable price.

Since ANCP's inception, four properties have been transferred to Restoring Communities' ownership, undergone rehabilitation and are preparing for the final transfer to cooperative ownership. Restoring Communities and HPD are diligently planning for the future rehabilitation and cooperative conversion of properties remaining in the program pipeline. Through these preservation efforts, Restoring Communities is helping to increase the quality of affordable housing for New York City' low and moderate income families, stabilizing neighborhoods and positively impacting the overall well-being of New York City.

Thank you for your time and interest in our work. I am happy to answer any questions.

Public Testimony
Andrew Reicher, Urban Homesteading Assistance Board (UHAB)
TIL Oversight Hearing, April 27th, 2017, 1:00 PM

My name is Andrew Reicher and I am the Executive Director of UHAB, the Urban Homesteading Assistance Board. For 44 years, UHAB has worked to build and strengthen tenant associations in city-owned buildings as they prepare to become co-ops, and we provide ongoing assistance to HDFC cooperatives that went through the TIL program, Third Party Transfer, and Community Management Program, among others. While UHAB has been involved in the development and rehab of distressed and abandoned buildings since 1973 we know that a successful co-op depends as much or more on assisting a tenant association to become a strong and effective co-op organization. Successful co-ops are about the people who own and operate them.

With this in mind, UHAB was instrumental in the creation of the TIL program and the other Division of Alternative Management Programs (DAMP) in 1978. From the program inception until October 2016 we were contracted by HPD to provide training and technical assistance to TIL buildings, as well as to all HDFCs that were created by the DAMP programs and other HDFC co-ops across the city. This assistance for much of the program consisted of classroom training sessions, available on a monthly schedule, follow-up site visits to individual buildings, to assist with the implementation of the topics introduced in the training i.e annual elections, financial reporting, meetings, rent collection, maintenance and repair and co-op issues as buildings began converting to co-op ownership. The training and technical assistance were designed to provide on-the-job training for the new building leaders undertaking both running their tenant association or co-op and managing their building. Training sessions were also an opportunity for building leaders to meet and learn from each other. Between 2001 when we started to digitize our site visit reports and late 2016, we logged over 26,000 individual reports for TIL buildings. Although the number of buildings left in the TIL program has declined since 2001, this breaks down to an average of well over 100 meetings, or phone calls and emails with a technical assistance component, per building.

Currently we oversee the Housing Maintenance and Management training contract, which allows us to offer 4 workshops a week tailored to TIL buildings and HDFCs, in both English and Spanish, through June 2018. For TIL buildings, we offer classes specific to financial reports and succession rights. We also provide classes that are more general but relevant to TIL buildings on topics such as pest management, energy efficiency, and removing violations. We alternate the location of our workshops every six weeks between the Bronx, Manhattan, and Brooklyn. Although HPD mandated we cover

a handful of specific topics, we have had the ability to include new topics that residents seem interested in, including one about solar power and one about dealing with rodents.

Attendance by TIL residents to the trainings under this contract, which began last summer, has been low and HDFC members have been attending in larger numbers.

We know from UHAB's own 44 year co-op development experience that this kind of disengagement results when progress towards the goal of becoming a co-op has slowed or stalled. Initially, buildings would generally enter and exit the TIL program within 5 years; now all of the remaining buildings have been languishing for longer than a decade waiting for rehab and co-op conversion (ANCP). We believe that once inclusion in ANCP demonstrates that a building is genuinely moving toward co-op ownership in a form that residents feel comfortable with, tenant associations will begin re-engaging and be back on track to become a successful co-op.

During these years of being in limbo, unfortunately, buildings have not been able to fill vacancies that arise when people move out or pass away. This is in order to facilitate the temporary relocation or "checker boarding" that make building rehabilitation quicker, easier and less costly once it begins. However, this has resulted in a high vacancy rate at most buildings, and a resident population that skews very elderly. This is problematic because as more time passes, the tenant associations become less and less able to sustain energy, participation levels, and the technical capacity to self-manage. It will require increased training, technical assistance and co-op building efforts during and at the end of the rehabilitation process as vacancies are filled with new co-op members to insure that a strong co-op results.

The primary explanation for the stalling of this program is the fact that HPD has not allocated the capital funding necessary for TIL buildings to go through the renovation process and legal conversion to become a cooperative.

Building from our decades of experience working with TIL residents, we have observed four specific issues with the way the TIL program is currently being implemented:

1. **Inadequate preparation/training to become owners in the 21st century:** UHAB has long urged that the experience while in the TIL Program should reflect what owning and operating a co-op will be like. Budgeting that includes regular rent increases, managing ongoing repairs, resident selection, practicing a co-op governance structure, and many other common responsibilities of HDFC boards are not part of the TIL management experience, and so are all new once a building becomes a co-op. In addition, much higher monthly charges, Section 8 vouchers, a large loan with monthly debt service and the \$2,500 purchase price all are new to ANCP. The educational process of getting residents ready to transition from TIL tenants to cooperative owners under the new

program guidelines is extensive, and should be prioritized throughout the entire rehab process.

2. **Lack of bilingual support:** As the primary, contracted, technical assistance provider for this program, UHAB recognized the importance of both bilingual support materials and staff. There are many buildings where the majority or all of the residents are Spanish speakers. Lack of bilingual support from HPD, however, leads not only to poor communication but a general distrust of city intervention in these buildings.
3. **Lack of communication, transparency, and tenant choice:** UHAB's co-op development experience has taught us the importance of seeing residents as partners in the development process. This process is an important "teachable moment" for residents to gain skills and knowledge that will help them succeed as a co-op. Even in our own efforts the process is difficult and fraught with tension between time and budget constraints and the need to allow for resident participation and transparency. ANCP has not yet taken advantage of this opportunity and built transparency and participation fully into the process. It is a key to a successful implementation that deep resident engagement in the development process be the responsibility of all ANCP developers, training and technical assistance providers, and HPD.
4. **Selling vacant units at high prices to finance conversion:** As a frequent developer of cooperatives, UHAB understands financial benefit of selling vacant units during conversion to reduce the City's capital costs and making scarce funding go farther. UHAB has provided training and technical assistance in some of the first ANCP projects and we are a qualified developer for ANCP. We recognize the budget choice that the City has made to maximize the sales prices on the 40% of units in the remaining TIL buildings that are vacant, in order to provide equity and reduce the need for City capital.

As a mission driven low-income housing organization closely connected with the TIL Programs we are always pleased to see buildings become co-ops and the residents reach their goal of being co-op owners. However, we feel the high purchase prices for vacant units represent a missed opportunity to create additional units of affordable housing. Additionally, this contributes to the future loss of affordability as the higher purchase price is also the resale price for the units owned by existing residents. We are also concerned because our experience shows the pitfalls that await a co-op that is deeply divided by income and wealth. The differences in expectations, lifestyle and governance styles, and financial capacity can lead to tensions and divisions within a co-op that can hurt its success.

The TIL program has a strong history of converting distressed city-owned buildings to thriving cooperatives. Under the original guidelines for this and similar programs, New

York City was able to create nearly 30,000 units of deeply affordable housing; housing that is safe from the speculative forces of the housing market. We worry that by understaffing and under-funding this program, HPD is not only failing to deliver on its promise to TIL residents, it is forcing TIL or cooperative conversions to appear unfeasible to policymakers and the general public. But when done correctly, cooperatives provide among the most affordable, stable and decent housing in New York City. This is a unique pipeline that should be nurtured and prioritized rather than pushed to the back burner for whenever capital funds are made available.

Sustaining a healthy co-op requires very motivated and well-trained residents that are able to see tangible benefits from being owners instead of renters. The current pathway to co-op ownership that the city oversees sets residents up for an uphill climb from the beginning, but we do hope that with a stronger commitment from the city, the TIL program can convert its remaining 145 buildings into healthy, affordable cooperatives.

FOR THE RECORD

FOR THE RECORD

BROKEN PROMISE:

New York City's Tenant Interim Lease Program And Those Left Behind

A Special Report by Siegel Teitelbaum & Evans, LLP

February 11, 2017

Foreword

This special report was prepared by the law firm of Siegel Teitelbaum & Evans, LLP to assist the advocacy work of PA'LANTE Harlem, Inc. We share PA'LANTE's goals to, 1. bring needed public attention to New York City's unfulfilled commitment to provide thousands of low-income residents in the city's Tenant Interim Lease program with cooperative ownership of their apartments and building; 2. persuade elected officials and community leaders to join us in insisting that the city fulfill that commitment.

We wish to express our gratitude to the residents of Tenant Interim Lease buildings and their Tenant Associations who have given generously of their time and related their experiences, including Rafael Padron, Luisa Rodriguez, John Delfish, and Carmen Pena, and TIL Tenants Coalition members Lorraine Baez, Shanell Carter, Yvette Rivens, Radiah Small, and Edward Torres. Their contributions provide the report with its central narrative as well as the inspiration of their struggles and hopes.

We also thank the leadership and staff of PA'LANTE, especially its Director Elsia Vasquez, the housing experts with whom we consulted, and particularly the public officials and academics whose detailed research and publications provide strong historical support for our findings and recommendations.

Introduction

This report reviews the promise and consequences of housing policies created by the city of New York in response to the financial and housing crisis of the Nineteen Seventies. It focuses on programs created to address that crisis and how they continue to effect the lives of poor and low-income residents, defined here as those individuals and families whose economic fortunes have never improved enough to permit an escape from poverty or dependence on public subsidies. Today, as the city rides the upswing of a generations-long boom and bust cycle, its low-income residents find it increasingly difficult to secure decent and affordable housing or to hold on to a fragile economic stability. Many of these residents are veterans of the era of property abandonment, financial crisis, and emptying neighborhoods that engulfed them a generation ago. Amid an economic and population boom and the city's new-found appeal for the wealthy and middle class, many long-neglected neighborhoods occupied by these same low-and-very-low income New Yorkers are being revitalized and gentrified. More than 345,000 affordable rent stabilized apartments were lost to deregulation between 2000-2007,¹ displacing thousands of low-and-middle income residents particularly in the Bronx, Brooklyn, and Manhattan. These forces along with recent changes in city housing policy have combined to threaten a class of low-income New Yorkers discussed in this report with the loss of their homes, but also their decades-long hopes for a better life.

We focus on a number of tenant associations participating in the city's Tenant Interim Lease Program (TIL), begun in 1978² in direct response to the city's housing crisis. The substance of the report is divided into several sections: 1. a sketch of the TIL program's history, including its founding and stated goals, management, and current status; 2 a summary of

problems with the city's Department of Housing Preservation and Development (HPD) management of the TIL program, including accounts of the hardships HPD has created for the TIL Tenant Associations and how its policies threaten the promise of co-op ownership for which the tenants have worked and waited decades; 3. analysis of a new HPD initiative, the Affordable Neighborhood Cooperative Program (ANCP), designed to replace TIL³ and what it does and does not offer the remaining TIL tenants; 4. recommendations on how to address the long-term housing needs of the TIL tenants and ensure that the promises made to them are kept.

A Brief History of TIL

Assessing the rationale for the TIL program and its relative successes and failures requires a look back to the financial and demographic crisis that spurred its creation. Not only had New York City been forced nearly into bankruptcy in 1975; there was a sense that New York had become exhibit one in the much-reported impending death of American inner cities.⁴ The remark "Ladies and gentlemen, the Bronx is burning," often (but wrongly) attributed to sports announcer Howard Cosell as smoke from a nearby fire drifted across Yankee Stadium,⁵ the now-historic photographs in *Look* magazine of South Bronx neighborhoods-in-ruin, and the looting and arson that engulfed the commercial streets of several low-income neighborhoods during the blackout of 1977⁶ contributed to an image of New York as a city hollowing itself out, and of our urban centers as anarchical places of exhausted dreams, failed leadership, disinvestment, white flight, menace, and tabloid violence.

We recognize now that the underlying causes of the city's decline were long-term, and primarily demographic and economic- which is to say, historical and cyclical. In New York they

contributed to a “perfect storm” of financial and demographic circumstances that brought the city nearly to its knees. At root, the economy of the old industrial cities that had powered and supplied the world through the early and mid-Twentieth century was in a state of decay. In New York the blue-collar jobs that had sustained the mostly white working and middle classes were being lost to broad changes in manufacturing, transportation, infrastructure and industrial development in other regions of the country and abroad, and to changing labor practices. On New York’s waterfront the era of the great liners had gone, the coastal shipping industry was being replaced by long-haul trucking on the new Interstate Highway system, and the docks and warehouses built for bulk cargo- along with their jobs- were being made obsolete by containerization at new facilities concentrated on the New Jersey side of the harbor.⁷ These trends, which only accelerated in succeeding decades across all manufacturing sectors, were what today would be called a “paradigm shift” to mechanization, globalization, and the loss of jobs to regional and foreign competition. In every borough small factories and machine shops, the needle trades, and thousands of ancillary businesses that served them had begun to close their doors. Adding to these effects was the aging-out of a mostly white lower-middle class generation that had struggled through the Depression, prospered during the war, raised their families, and been the backbone of the city’s unionized working class economy. As the firmament of that communal and work-a-day world began to fade, its children, come of age in a post-war time of national optimism, beheld the aging and opportunity-starved city, its increasingly non-white population, and rising crime and disorder, and turned toward a future in the burgeoning suburbs with their promise of cheaper living, and new and better housing and schools. By 1982 only 10.6% of city jobs were in manufacturing,⁸ and many of these had been taken by new immigrants.

The vast scale of this sociological transformation is reflected in the city's demographics in the years before TIL began. Even in the Forties, as wages from war work increased economic mobility, about a half-million non-Hispanic whites had moved out.⁹ More than a million residents packed up during the Fifties, and by the advent of TIL in 1978 more than 800,000 mostly white middle and working class residents had fled within twenty years.¹⁰ With them they took what numbers cannot convey: stable lifestyles, ethnic and community pride, steady jobs, anchoring religious and cultural institutions, and their tax revenue. Whole neighborhoods- Brownsville, East New York, Sunset Park, Washington Heights, and the South-central Bronx- whose various cultural identities had fostered the city's tough working class self-image and belief in itself- were emptied out in just a few years, upending two generations of social and economic stability.

The principal causes of housing abandonment, particularly of multiple-dwelling buildings in poor communities, included: 1. rising costs and declining revenues as poor and lower-income tenants replaced middle and working class ones caused landlords to neglect maintenance, capital investment, and the payment of taxes and fees that income from their buildings could no longer support; 2. a sharp recession in the mid-Seventies that increased borrowing and operating costs for both residential landlords and business owners; 3. the city's long-term structural deficits and the unsustainable borrowing and indebtedness that led to its near-bankruptcy in 1975 forced a reduction in city services and code enforcement, hastening the deterioration of the housing stock; 4. a "perfect storm" of high inflation, a national credit crunch, record spikes in heating oil prices, and low rent rolls pushed many apartment buildings that had been economically marginal for a generation into unsustainability.¹¹ The consequences were not limited to low-income buildings.

Willard L. Doyle, an attorney negotiating a new labor agreement for the Realty Advisory Board, an owner's association of middle and upper-middle class apartment houses, had spoken about these issues for much of the city as early as 1970: "Our problem is that the income pocket is sewed up and the outgo pocket has a hole in it."¹²

In 1976, with the city's finances in uncharted waters and waves of multi-family housing abandonment accelerating across former white working class neighborhoods, the City Council passed Local Law 45 (LL45) creating a new "*in rem*" standard that allowed the city to declare property abandoned and to foreclose on it after one year in property tax arrears.¹³

At the start of the *in rem* seizures in 1976 city officials as well as housing advocates envisioned them as an opportunity to implement a mix of long and short term strategies for housing preservation, investment, and long-term fiscal stability. TIL and other housing restoration programs represented a commitment by the city to, 1. limit further harm; 2. help spur a recovery by salvaging functional and sustainable properties, reclaiming abandoned ones, and stabilizing neighborhoods; 3. stabilize conditions of habitability for tenants whose buildings lacked basic services, safety measures, and essential maintenance; 4. rapidly return *in rem* property to the city's tax base, and deter further abandonment and neglect through neighborhood re-investment programs.

After the passage of LL 45 *in rem* seizures increased at an unprecedented rate and scale. A study published by the Furman Center notes that, "by 1979 (only three years into the *in rem* program) the city owned more than 60,000 housing units in vacant buildings, many too

dilapidated to inhabit or sell- and another 40,000 units in occupied buildings.”¹⁴ Of these, the occupancy rate was less than 40%, with many buildings in “a horrendous condition.”¹⁵

A new agency, the Department of Housing Preservation and Development, had emerged out of the fiscal and housing crisis in 1977 to consolidate the management and creation of housing. As one of its earliest initiatives to stem widespread property abandonment and displacement of residents, TIL seemed to hold great promise when it was born of desperate times but also opportunity and idealism.¹⁶ But another basis for the city’s early optimism about *in rem* seizures proved unfounded: investors showed almost no interest in the thousands of abandoned or vacant properties that the city had acquired, nor in the marginal neighborhoods where most *in rem* buildings were located. Other than speculators seeking property for short-term investment schemes that quickly failed, few buyers were willing to purchase buildings with the low rent rolls and high costs that had contributed to their original decline and abandonment.¹⁷ Facing a dearth of private investors and the doubtfulness of a quick turn-around on property tax losses, the city re-envisioned a larger role for the very low-income residents who occupied many of its *in rem* buildings, embracing them as key assets in its plans for a housing and neighborhood revival. If government could successfully leverage these low-performing properties back into solvency it could join the long-term economic self-interest of the residents to that of the city, enable low-income residents to become homeowners and anchors of stable communities, and improve the city’s straightened finances. The perilous state of the city at the brink of insolvency and awash in abandoned housing is reflected in that moment in 1978 when the TIL program took form: the nation’s “Empire City” and its foremost symbol of urbanity and cultural supremacy was turning to its poorest residents in an untested venture to create low-income co-op housing ownership.

This was not the first time that the city had found itself the landlord of the poor by default, but never before had it been beset by financial problems as daunting as those faced by the poor it sought to assist. Since the middle of the Nineteenth century reformers had made New York- often by necessity- a national laboratory for addressing issues of basic sanitation, public health, clean water, public education, animal anti-cruelty protections, and food and workplace safety. The city had the nation's first comprehensive zoning law, one of many to follow; created the first municipal public housing projects that set the city on course to be a leader in housing reform and a benevolent landlord of last resort; and, in the face of horrifying conditions created in the 19th century by unregulated private sector housing, New York passed the first laws reforming the design of tenements to make them fireproof and more healthful. Many of the pre-1930s apartment houses absorbed into the TIL program, despite decades of neglect, retain the benefits of good design and solid construction made possible by zoning and building code reforms in earlier eras.

Those efforts reflect an evolving historical understanding by New York's civic and political elite that the city had both a practical and moral obligation to protect and assist the city's residents, particularly the working class as well as the poor and indigent, and to make safe and healthful living conditions a fundamental right. The philosophy of a proactive, protective, government, as it slowly took form through social reform movements, local and national politics, and in laws and codes across more than a hundred years of effort, had created a reasonable expectation- a kind of social contract- that New York city government should work in the interest of its citizens, acknowledge a responsibility to address wrongs, prevent harm, and pursue progressive social reforms.

City officials and housing advocates embraced TIL as a continuation of that tradition, envisioning low-income co-ops as a way to: 1. keep vulnerable residents from being displaced; 2. repair landlord-neglected and abandoned buildings, and renovate them using city subsidies, private contractors, and tenant “sweat equity”; 3. help stabilize neighborhoods threatened by property neglect and abandonment; 4. gradually return delinquent and abandoned apartment buildings to the tax rolls, and; 5. accomplish these goals with financial and management support through HPD. In short, the city envisioned TIL as a low-cost way to create permanently affordable, tax-producing, cooperatively owned and managed multi-family housing from abandoned and foreclosed buildings, and to do so at a scale never before achieved.¹⁸

TIL was only one of more than a hundred housing programs initiated by the city over the past thirty years to address the needs of poor and low-income residents as well as the middle class.¹⁹ It was at root a co-operative management agreement between the city and the tenants of *in rem* buildings. TIL rested on the premise that with HPD and its surrogates in the non-profit housing community providing managerial and material support, as well as training in self-management and finance, TIL tenants would acquire the tools to determine their own future, rehabilitate their apartments and common areas, and learn to operate and maintain their building sustainably as a low-income co-op under an interim lease- initially expected to be about a year in duration. The city anticipated that once a building was physically rehabilitated, and the residents had demonstrated they could competently meet their obligations as co-operative owners and managers of its finances- regularizing the collection of “rent” payments from residents, and building and maintaining a reserve fund, among other requirements- they would have the opportunity to purchase their apartments for \$250.²⁰ Over succeeding decades the program was

extended, its contractual terms amended, and management practices revised numerous times in response to the challenges of creating and maintaining viable low-income co-ops that were permanently self-sustaining.²¹

The extremely low income levels that characterize tenants in the TIL program and other city subsidized low-income housing are made clear by data in the city's annual Housing Vacancy Survey (HVS).²² Taking as a benchmark 1993, fifteen years into TIL and a point at which the city had seen a decade of sustained revival, HVS data shows that one-fifth of *all* households citywide were paying more than half of their income in rent, including one-quarter of rent controlled tenants, almost one-third of those who were rent stabilized, and more than one-third of *in rem* tenants. Many of the *in rem* tenants were still in buildings considered dilapidated, and a quarter of such dwellings had five or more maintenance violations. Central Harlem, the location of the buildings we will focus on, is cited in the HVS of 1993 as among the low-income neighborhoods where poor housing conditions and punishing rents were most concentrated.

In a further reflection of the economic status of residents occupying *in rem* property, as well as the challenges facing TIL tenant associations seeking to become co-op owners, 1993 data from the New York City Rent Guidelines Board shows that 44% of stabilized *in rem* buildings under HPD oversight in Central Harlem were already in tax arrears.²³ Related city data from 1995 offer another look at the economic distress of low-income residents: that year, contract rents for *in rem* housing city-wide *averaged* only \$229 mo.- suggesting that a significant percentage of *in rem* tenants reportedly paying half or more of their income in rent were subsisting on monthly incomes between \$500-\$1,000. During this period monthly rent

collections on apartments managed by HPD averaged only \$167, and the agency's yearly operating deficit per unit under management was about five thousand dollars.²⁴

The marginal status of many TIL properties can also be gleaned from income data during the Koch and Dinkins eras. As the city's economy revived and its expenditures nearly doubled, median income among *in rem* tenants *declined* and the proportion on public assistance rose from 30% in '81 to 65% in '92.²⁵ This startling shift reflects emergent income and class disparities between an expanding white collar and corporate sector and the chronically low-income and poor who comprised a large proportion of the city's population. One factor skewing the reported decline among *in rem* tenants was the decision of the Koch administration to respond to the city's homeless crisis of the Nineteen Eighties and early Nineties by housing 13,000 homeless families in *in rem* buildings.²⁶ Although Mayor Koch's move cooled a middle class political outcry over the homeless (much like that being heard today), the fact that most homeless families are chronically under-and-unemployed meant that Koch's action saddled HPD with a legacy of very low rental income from hundreds of buildings it would subsequently struggle to sell or make self-sufficient. The present day resistance of HPD to placing homeless families in its vacant TIL units may reflect that past experience, as well as the agency's current policy of warehousing empty units in TIL buildings as a potential profit center, as discussed below.

In the early years of HPD's authority over TIL, beginning in 1978, projections about the cost and disposition of *in rem* property reflected how the city's program was a voyage into uncharted waters. Initially HPD anticipated renovation costs for *in rem* buildings assigned to TIL at \$1,000 per unit, an estimate based on its experience with stable buildings in good repair.²⁷ Revised estimates quickly reached \$4,000; by the beginning of the Dinkins administration in

1990 they had grown to \$35,000 per unit just as a moratorium was being imposed on *in rem* foreclosures; by 1997 HPD's per unit expenditures reached \$58,000.²⁸

TIL program guidelines were developed in partnership with the Urban Homesteading Assistance Board (UHAB), a non-profit housing manager.²⁹ The guidelines offered a simple template and rationale for success in TIL, reflected in the excerpts cited below: 60% of a building's tenants had to agree to participate, raise and collect rents to meet expenses, build a reserve fund, organize a board and meeting schedule, and participate in UHAB training to meet management, finance, reporting, and other requirements of the program.³⁰ If judged to have been in substantial compliance after 11 months, HPD promised tenants the opportunity to own the property by purchasing their units, as noted above, for \$250. Through the administration of HPD's Division of Alternative Management Programs (DAMP)³¹ tenants would assume ownership as a Housing Fund Development Corporation (HDFC), a type of limited equity housing cooperative specifically for persons of low-income, and formed pursuant to Article XI of the New York State Private Housing Finance Law.³²

Unsurprisingly for a program of unprecedented scale, problems were widespread from the beginning. HPD faced ongoing difficulties creating a stable and efficient management program for the thousands of properties and tens of thousands of tenants for whom the city had taken responsibility through *in rem* while also seeking to establish reliable benchmarks to evaluate whether TIL tenant associations would be able to manage their buildings short-and-long-term.³³ Other challenges included philosophical disagreements between HPD and various non-profit housing advocates and developers about whether private development interests should be allowed to take control of *in rem* properties. These advocacy groups, typically communitarian

in outlook, wanted a public housing approach that excluded or severely limited privatization. By and large, that emphasis proved politically compelling and under the POMP program scores of thousands of both vacant and occupied apartments were renovated and buildings brought up to code by private developers who had the option of purchasing vacant apartments for \$2,500 but were required to return them to the marketplace under rent stabilization “upon out-take.”³⁴

By the third term of the Koch administration (1985-89) HPD found itself increasingly burdened by soaring rehabilitation costs which were not only absorbing hundreds of millions of dollars in federal development funds but starving other programs for which the funds were originally intended.³⁵ In response, the city shifted its emphasis away from renovation of inhabited buildings, with their high cost and delay, to its large backlog of vacant *in rem* properties still under city ownership. HPD’s Vacant Building Program (VBP) focused on tapping private construction management firms to do “gut” rehab and assume ownership of the property. This effort, with costs shared by private investors and the city, made dilapidated empty properties more attractive to private investment. By reducing costs through economies of scale and eliminating delays created when tenants were in place, by the end of the Dinkins administration in 1993 the VBP had restored 40,000 more units of stabilized housing to habitability at a lower cost per unit than in comparable tenant-occupied rehabilitation projects.³⁶

In several respects- the turn to private development solutions, the emptying of tenants to facilitate the sale of a vacant building for full rehab, and the use of Third Party Transfer to convey the renovated building to private ownership- the VBP contains the bones of HPD’s current effort- the Affordable Neighborhood Cooperative Program (ANCP), rolled out in 2012 and discussed below.

The histories of the buildings and tenant associations that remain in TIL, many of which are slated for transfer to ANCP, exhibit core challenges faced by the program since its inception. Accounts of HPD and UHAB policies and actions over the past two decades, in the form of representations made by the TIL tenant associations and provided to PA'LANTE, are cited below. They include many issues and concerns that allegedly have not been addressed properly by either HPD or UHAB, resulting in serious hardship for the TILs and long delays in their efforts to become HDFC co-ops.

1. The apartment houses that the city seized *in rem* and were later conveyed to the TIL program and other city rehabilitation and housing programs had been abandoned in large part because the rising cost of wages, repairs, maintenance operations, fuel, insurance, and taxes could no longer be supported by the building's rental income;

2. Once buildings were accepted into the TIL program these costs were not reduced or adequately subsidized by HPD; meanwhile, rent charges to TIL tenants or monthly maintenance payments by TIL/HDFC co-op owners remained unsustainably low due to the limited income of the residents and were often unequal to the costs of building ownership.³⁷ In the early years of the program there was a wave of evictions of residents from TIL buildings and HDFC co-ops for payment arrears, with some actions initiated by HPD and others by HDFC boards and TIL tenant associations.³⁸ In recent decades the city has sought to avoid eviction through the use of subsidies, "one shot" emergency repayment programs, and negotiation.³⁹ However, reflecting a history of divided objectives in city housing policy, the Department of Finance has maintained its early focus on recouping losses to the property tax base caused by the crisis of housing

abandonment. It has raised property taxes repeatedly- often to unsustainable levels- on stabilized properties; at least one study indicates that tax assessments on affordable housing were increased the most in low-income neighborhoods.⁴⁰

3. Many *in rem* buildings chosen for TIL/HDFC as well as other HPD programs were in very poor condition due to age or long-term neglect. They required costly repairs and replacement of mechanical systems to make them sound and habitable- expenses which in most cases the residents could not afford and that in the early years of the program the city was unprepared to meet. Particularly in those years HPD significantly underestimated the scope and cost of required work by as much as 30 times.⁴¹

In speaking about HPD's approach to its *in rem* properties in 1981- just three years after the start of TIL- Sandy Bayer, the head of a private housing task force, summed up the situation: "In many cases the city is putting the tenants in leaky boats and telling them to try to cross the ocean. There are no options for the buildings without government help."⁴² Thirty five years later our discussions with TIL tenants reveal a comparable degree of detachment by HPD and even a kind of "que será, será" attitude toward the tenant's struggles, hopes, and future.

As the *in rem* inventory expanded, mayors came and went, costs rose, and housing development priorities changed, repeated bouts of budget cutbacks limited the agency's ability to do essential repairs, make substantial improvements, or carry out required supervision of a vast archipelago of properties scattered throughout the city. It appears that HPD continues to inadequately monitor the maintenance, repairs, and renovation work it supervises and pays contractors to perform in TIL buildings, and- much more consequentially- the agency appears to

leave unaddressed violations of basic standards for habitability, often for years.⁴³ HPD is responsible for the enforcement of the city's Housing Maintenance Code (HMC),⁴⁴ which requires landlords (including the city) to maintain their buildings in compliance with basic standards for livability. These include the provision of heat, hot water, the basic soundness of walls, ceilings and building envelope, as well as the control of pests. HPD also operates an Alternative Enforcement Program⁴⁵ that targets private landlords whose buildings fail to meet the standards of the HMC; despite these protections, code violations in TIL buildings continue to go unaddressed for years.

Cumulatively these effects have caused many surviving TILs to fall into a kind of limbo, with progress toward ownership languishing for decades. There appear to have been many broken promises, and in the reports made to PA'LANTE by the tenant associations and cited below, the guidance and leadership from HPD that was promised to the tenant associations under TIL has faded away without explanation; HPD's coordination about essential building, finance, and compliance issues has grown haphazard or non-existent; and promises of impending improvements, relocations, and purchase time-lines have proved unreliable and essentially fictitious.

At the midpoint of the TIL program's life in 1998, the year that 161 West 108th Street came into the program, then-City Comptroller Alan Hevesi issued an audit that cited a range of HPD management shortcomings: "Simply stated, a large number of these buildings have not succeeded in any way, shape, or form. Many of the buildings have...deteriorated (since HPD inherited them) and are probably in the same or worse condition than before they were renovated." Surveying 19 TILs, the audit found six in poor condition with leaky roofs, cracked

stairways...and faulty boilers.⁴⁶ The following year, a 1999 audit of HPD operations by then-State Comptroller H. Carl McCall found that HPD did not have a formal (written) plan to track the management and disposition of the buildings it controlled, and “lacked identified priorities to guide the disposal of buildings.” The audit concluded that HPD “did not have an effective system to track the movement and status of all the buildings that are in the city’s inventory.” Among related findings the audit uncovered long delays in the return of (*in rem*) buildings to private ownership; a survey of 252 buildings in HPD’s portfolio found that buildings remained in TIL an average of sixteen years.⁴⁷ This was up from eleven months at the beginning of the program.

These findings, particularly HPD’s “lack of an effective system to track the status” of buildings in its inventory, are reflected in the representations made by the TIL Tenant Association members we interviewed, including those who reside at 161 West 108th Street.

In 2008 UHAB, which was under contract to HPD to provide management assistance to 161 W. 108th (hereafter, “#161”), instructed the Association (hereafter, “TA”) to apply for State unemployment and liability insurance. The completed applications with money orders for payment were submitted in a timely fashion but the money orders were returned without explanation. The UHAB liaison assigned to #161 reportedly informed the TA that they would look into the matter. Months of repeated inquiries followed with no reply, and there was never again any mention of the insurance, the application, or the returned money orders by UHAB or HPD. Seven years later, in 2015, UHAB and HPD informed the TA that the State of New York had levied a \$300,000 fine against the TA for its failure to have the required insurance- for which the TA had submitted its application and payment in 2008. The TA was then informed by UHAB and HPD that after

negotiations with the State the fine had been reduced to \$60,000 plus interest, although the TA was never aware of or privy to these said negotiations. The TA was told that unless it paid the renegotiated fine and interest the State would seize the building. Faced with this ultimatum the TA agreed to a \$10,000 down payment and terms of \$1,080 per month, but informed HPD that in their view the situation had arisen due to the agency's poor oversight; and that this extra expenditure from the TA's reserve fund would create serious financial hardship and make it more difficult for the TA to properly operate the building. In response, HPD assumed no responsibility and declared that if the money ran out the TA would lose its right to future ownership. Now, approximately one year into the monthly repayment schedule, the monthly checks issued by the TA in payment of the fine and interest are being returned unnegotiated without comment, and the TA's numerous requests to HPD for an explanation are once again met with silence.

A related story emerges from the account provided by the TA at 503-505 West 140th Street. Edward Torres, the head of the TA, was contacted in December of 2015 by the head of the compliance division for the TIL program: #503-505 had fallen out of compliance for not submitting financial reports for five months. According to the TA, the cause of the lapse was that the HPD had changed the template of the financial reports in May, 2015 but had failed to provide the new template to the #503-505 TA; its financial reports on the old template were being counted as not-submitted. This snafu, and the delay in reporting, could have been avoided if HPD had made the smallest effort through its assigned coordinator to ensure that the TA had received the new template.

4. Management shortcomings appear to show that a basic training seminar of ten hours by an HPD non-profit housing contractor such as UHAB would be inadequate to prepare tenants for long-term self-management and ownership. The TILs proved to require close supervision and technical assistance in order for their residents- used to living on extremely minimal incomes, without English as a primary language, or lacking experience in home ownership- to meet the obligations required of professional property managers.

Even when HPD and UHAB had acquired decades of hands-on experience with TIL and the creation of HDFC co-ops, HPD coordinators and its non-profit contractors reportedly failed in many cases to adequately supervise or train the TAs, or fulfill their duties as property managers as required by HPD's management role with the Associations. Among the most important pledges made by HPD to the TIL Tenant Associations through its relationship with UHAB, the agency alleged that it would "assign a coordinator to help your tenant association meet TIL program requirements. Your HPD coordinator is the first person you should turn to with problems or questions. Your HPD coordinator will work with your tenant association to set up repair plans, supervise monthly financial reports, and support you if emergencies arise."⁴⁸ Although in practice two coordinators- one to track financial matters and another for fieldwork- were officially assigned to each TIL, the reported experience of the TAs highlighted in this report has been that HPD's 'first person to turn to' frequently proved unavailable or unreliable.

As noted above, many *in rem* properties accepted into TIL in its early stages failed to meet various self-management criteria, including the collection of rent or maintenance charges, or the payment of bills, and fell into financial distress. Where TIL buildings were able to stay current with costs and assessments but never generated significant reserves or benefitted from

promised renovations, the TAs allege that they found themselves languishing for decades without promised liaison with HPD, without competent oversight by HPD coordinators, without necessary repairs to the building envelope or promised capital improvements, and that these failures impaired their efforts to become an HDFC co-op.⁴⁹

107 West 105th Street began to participate in the TIL program in 1999. In the recounting of the tenants, their first HPD contact was “always calling tenants to invite them to join the program. This was when they (HPD) wanted the program to work and to reinvigorate deteriorating neighborhoods.”

Once admitted to the TIL program, the TA recounts that the first coordinator assigned to them by HPD was habitually inactive and unhelpful. The next coordinator the TA found “very helpful,” but she was gone after a year- a pattern of rapid turnover common to the accounts provided by the TAs cited in the report. Their third coordinator was also helpful and prevented HPD from placing relocation tenants in the building’s warehoused apartments- a move that the TA believes enabled #107 “to remain on the updated list of buildings on track for renovation”- that is, with vacant, warehoused apartments that would be attractive to developers under programs like ANCP.

In 2006, after repeated requests to HPD that it address the deteriorating condition of the building- including a leaking roof and rat infestations in the cellar- and after a series of inspections but no corrective action, the TA commissioned an independent survey by members of the Pratt Institute.⁵⁰ They reportedly found #107 in “poor condition” with numerous building code violations and “unhealthy living conditions” for children and the elderly despite seven years of HPD oversight. When the

TA presented these findings to UHAB their response was that “the city cannot sue itself”- referring perhaps to the city's ownership of the property but leaving unaddressed its responsibility under the Building and Housing Maintenance Codes (HMC) to meet the same basic standards of habitability required of private landlords.⁵¹ The TIL buildings cited in this report have many HMC violations, including mold problems caused by leaking roofs, sporadically-functioning boilers, broken windows, and rat and bedbug infestations- one TIL, at 161 West 140th Street, suffers from all of these conditions.

In October, 2008, ten years after #107 West 105th Street was admitted to TIL, and with all of the tenants having completed the UHAB courses on building management, HPD invited the TA to meet with its architects to collaborate on the re-design and renovation of the building. The TA reports that at this meeting many assurances were given: HPD had another building in which the tenants would be relocated until the work was completed; all the apartments which shared an existing line would retain their original configuration in the new design; and there would be a meeting later in the month “to discuss the logistics of packing, moving, and the storage of possessions.” Shortly afterward HPD cancelled the logistics meeting without explanation and never rescheduled it. For the next four years their HPD coordinator counseled patience, insisting that the building would be renovated as promised. Eight years have passed and the TA reports that HPD has never again mentioned the scheduled renovation to prepare the building to become an HDFC co-op, nor explained the sudden disappearance of the promised financing or the abrupt cancellation of the work. Recently, after eight years of silence, HPD has informed the tenants that instead of completing the final step to become

the promised HDFC co-op, their building is being conveyed to a developer under ANCP, a decision over which they are allowed no say.

5. As decades passed, buildings in TIL awaiting approval to become HDFC co-ops- and some functioning HDFC/TIL co-ops as well- experienced the aging-out of their original residents. As tenants passed away or moved on, HPD refused to allow these buildings to rent or market the apartments that became vacant, an action that directly contravened its own guidelines that directed the TILs to take responsibility for renting vacant units.⁵² The HPD program guidelines granting rental responsibility to the TILs speak to the agency's understanding that the buildings could not pay for themselves or build adequate reserves unless the rent rolls were full. The TAs report that it has been both mystifying and deeply frustrating that HPD, ostensibly responsible for assisting the TILs to succeed, took away their primary means of self-support.

It appears from the representations of the TAs that HPD's warehousing of vacant units has been among the agency's most destructive practices. The TA accounts strongly suggest that HPD can hardly have failed to recognize the harm and hardship that its warehousing policy would cause: the TAs report that the policy starves the TILs of essential funds, shrinks rent or maintenance rolls to unmanageable levels, causes reserve funds to be depleted, and puts the tenants under increasing stress as they try make do with less income.

According to the account provided to PA'LANTE by the TA of 161 West 108th Street, they had been a TIL for 8 years and were managing a fully occupied building with \$124,000 in its reserve fund- critical funds saved toward the day when #161 would become a HDFC co-op. As described above, it was the next year, 2008, that HPD left the

TA at the altar. The TA alleges that since that time the agency has worked to deplete the TA of its resources, has basically abandoned it without support for the past four years, and warehoused one-third of the building's apartments- refusing the TA the opportunity to rent them. According to the TA, HPD's actions have caused their reserve fund to shrink to less than \$75,000.

The TA of 615 West 150th Street entered the TIL program in 1996. Their experience, as recounted to PA'LANTE, offers many examples of HPD's apparently destructive management practices. Like 161 West 108th Street, the TA of #615 was told by HPD in 2007 that their building had been selected for renovation and that HPD had the money in its budget. In 2008 relocation of the tenants from their homes began. After having their possessions placed in storage, fifteen families were re-housed- twelve in vacant units in HDFC co-ops, and the other three in TIL buildings. Eight years later the renovations have never been completed, and according to the TA HPD claims it no longer has the money. Although the promised renovation will never occur, HPD has prohibited the tenants relocated eight years ago from returning to their homes. Their possessions reportedly remain in a storage facility which they claim they have never been allowed to visit and whose location they are not allowed to know.

According to the TA the tenants who were not moved from 615 before HPD abandoned its planned renovation continue to live in a mostly de-populated building where HPD is now warehousing not only the apartments that it forced the tenants to vacate in 2008, but more than half of the building's 62 units. The TA further alleges that HPD has refused to allow the TA to rent out any of the vacant apartments in the building- even on a short-term basis- thereby imposing an extreme financial hardship on the TA.

Although HPD is warehousing half of the building's units, the TA reports that the agency continues to demand that it meet stringent guidelines for maintaining reserve balances and rent collections, and demonstrating financial self-sufficiency.

According to the TA at #615 they were told by HPD in 2012 that their building had been selected to enter the ANCP program. Reportedly nothing happened for another four years, and only in September, 2016 did the residents receive a letter informing them that #615 had been "selected for participation in ANCP," a decision that the TIL residents, still awaiting their HDFC co-op, report that they were never consulted about.

6. HPD's guidelines published by UHAB for the TIL program state that "Your Tenant Interim Lease itself is a legal document between your association and the city...It outlines your duties, including renting vacant apartments..."⁵³ Yet HPD has not only prevented the TAs from renting vacant residential units. It has also reportedly refused to allow the TAs to rent out vacant commercial property on their premises. This position, as reported by the TAs and PA'LANTE, has further starved the Associations of income crucial to their viability. According to them, the agency has reportedly gone so far as to block the acceptance of generous lease terms from a national chain store. Although commercial frontage is perhaps the most valuable asset a TIL could have, the TAs allege that HPD not only refused to provide an explanation for its actions blocking all rentals; they report that the agency has habitually found fault with these same TILs for failing to meet maintenance obligations or maintain adequate reserves while denying them every opportunity to increase the building's income. The agency apparently became aware that total rent rolls across the TIL program were falling, largely due to its own warehousing of vacant units. In response HPD imposed, reportedly without consulting the TAs, a rent increase of 81%

on all TIL residential units where the lease holder had died. HPD took this action apparently in full knowledge that it would cause rents to rise to as much as \$700 monthly or more- an unaffordable amount that would inevitably cause the eviction of the surviving family members for rent arrears. After the TAs objected strenuously, HPD- again reportedly without written explanation- reduced the increase to \$100 per unit.⁵⁴

161 West 108th Street is a small TIL that also reports it has suffered financial hardship as a result of HPD's warehousing policy. According to the TA it has sought repeatedly to find a mechanism that would allow it to obtain operating revenue from its two vacant warehoused apartments. It petitioned HPD for permission to offer short-term leases with no rights of purchase, but reports that HPD has never responded. #161 also has valuable commercial space that has been vacant for about four years because, according to the TA, HPD will only allow it to be rented on a month-to-month lease- a condition that few if any businesses will accept. The apparent harm that HPD's policy has caused to the finances of the TA is illustrated by the effort of a Dunkin' Donuts® franchisee to rent the TIL building storefront with a five year lease. Under the terms of the lease proposed by Dunkin' Donuts® in its letter of intent, the leasee would pay for all renovations, provide the TA a \$50,000 signing bonus, agree to a rent of \$5,000 per month, and a 10% increase every five years. According to the TA, HPD refused to consider this offer, despite its potential to significantly aid the TA and the building reserve fund, out of which the TA has paid at least \$140,000 of its own money to maintain the property and cover administrative costs over the years.

7. HPD's policy of preventing the TILS from exercising their stated obligation to control the rental of vacant units has reportedly created financial hardship for the TAs. But the agency's determination to warehouse as many empty units as possible has also reportedly caused the infliction of additional hardship and suffering on TIL families and the Associations when a tenant of record died. While the agency appears to have moved with glacial slowness in making good on its promise of granting the TILs status as an HDFC co-op, it allegedly pushed hard for years on the TAs to evict the families of deceased leaseholders from their units, insisting that they had no right to remain nor any right of succession. According to the TAs, the agency ordered them to refuse rent payments from families of deceased tenants, resulting in their eviction- and creating another warehoused unit and further harming the capacity of the Associations to meet their expenses.⁵⁵

The struggle over succession rights and protection for the spouse, children, or elderly parents of the deceased arose because HPD required that when residents of an *in rem* building entered the TIL program they had to surrender their rights to rent stabilization and its attendant protections. HPD placed the TIL tenants on month-to-month leases as part of its promise to sell them their apartments for \$250 and grant them status as an HDFC co-op- a process that in the early years, when the city was eager to transfer ownership to willing and able Tenant Associations, often took as little as eleven months.

Like so much else about the consequences of HPD's waning support for and disinterest in the TILs as a solution to formerly abandoned *in rem* housing, the issue of succession for widowed spouses and their children became acute when the agency began to withhold HDFC co-op status from the TILs for decades. Over those years hundreds of bereaved families suffered

eviction, while- according to the TAs- HPD required that their former unit be left vacant, often for more than a decade. Not until 2014, when many residents came to testify at a public meeting about the harshness of the agency's eviction policy targeting widows and children, did Ann Marie Hendrickson of HPD mention to the Director of PA'LANTE that they would be granted succession rights "within three months-" the first that PA'LANTE or any TIL resident had read or heard of this.⁵⁶ Yet when succession rights were subsequently granted to bereaved families, PA'LANTE reports that HPD gave families only 30 days to obtain all the required paperwork and apply for their rights- a deadline that appears to be short and arbitrary, and that ignores the cultural nature of grievance and burial for families of Puerto Rican and Dominican descent who typically return with the deceased to their island of origin for burial and associated rituals.

8. As described by the TAs, HPD's own building coordinators were often "missing in action," inadequately trained or experienced, or failed to follow up on critical matters. But when problems inevitably arose due to oversight failures, the TAs allege that HPD would assert that the law prevented it from intervening. In practice, this policy appears to have been one of little more than deliberate indifference about the agency's responsibility for the long-term financial viability, management, and ultimate success of the buildings acquired under *in rem*, the significant public monies expended, and the lives of the residents whose well-being depended on its able management of the agency's programs. As described in the TA accounts and the audits cited above, it was HPD's own failure to plan effectively, execute or live up to its stated policies, perform due diligence, ensure that training was adequate, or maintain the TIL buildings in a habitable condition that threatened the viability of the TIL associations. In addition, the agency

appears to have been unforthcoming about acknowledging its responsibility to address problems it helped create or the harm its actions- or inaction- reportedly caused.

9. Without adequate support many TILs and HDFC/TIL co-ops- particularly in the Nineteen Seventies and Eighties- fell into internal governance disputes, habits of mismanagement and malfeasance, and suffered from wrongdoing by board officers. At the most prosaic level, some buildings admitted into the TIL program had tenants with a record of chronic rent arrears and, after transitioning successfully to co-ops, continued to be challenged by non-payment of maintenance charges. For buildings enrolled in TIL and awaiting approval as co-ops, HPD appears to have failed to fulfill its promised coordination with the tenants and their association about these and other pitfalls of prospective ownership, and- judging from the accounts provided to PA'LANTE by the TAs- often did not work closely with TIL tenant associations until serious compliance problems had arisen or spiraled out of control.⁵⁷

10. Overall, the city has used its *in rem* authority to re-foreclose- mostly for non-payment of taxes or services- on numerous TILs and HDFC co-ops whose buildings it had acquired *in rem* decades earlier. As recently as 2013 HPD estimated that approximately 30% of the buildings under its management "have some degree of financial distress."⁵⁸ Among the potential consequences: TIL tenants lose the opportunity to purchase the apartments they struggled so long to own, and to control the fortunes of the building they- no less than the city- in many cases saved from total loss. Should that hope be foreclosed, and they find themselves reduced to the status of renters at the mercy of a marketplace where rents have recently risen 75% in a decade,⁵⁹ many will almost inevitably be displaced from the neighborhoods they helped stabilize.

At minimum, the reported lack of follow-through that runs through the individual building accounts represents a legacy of lost opportunity for the residents of the remaining buildings in the TIL program. It also reflects a broader failure to act with the same determination and urgency that drove the creation of the TIL program and other low-income housing initiatives beginning forty years ago. In respect of all that has been achieved in the form of permanent low-income co-op housing, and of what remains to be done, HPD should impose no statute of limitations on the obligation it assumed to salvage abandoned housing at a time when New York needed its low-income residents as much as they needed the city; indeed, the city staked much of its hope for housing and financial recovery on the cooperation and support of those residents. It would be wrong for HPD to act now as if that crisis was so long ago we can forget about those who have worked cooperatively for decades to maintain and improve their buildings and earn the right to own them. Now in better times the city must not renege on its promise of permanently affordable, low-income cooperative home ownership for these remaining TIL residents.

ANCP

In 2012, with about 190 TIL buildings still waiting to become HDFC co-ops, the agency stopped accepting property into the TIL program. To address the disposition of the buildings that remained in TIL, HPD has created the Affordable Neighborhood Cooperative Program (ANCP) to “provide low-interest loans for the rehabilitation of buildings under the TIL Program for the creation of affordable cooperatives for low-and-moderate income households.”⁶⁰

Key elements of ANCP are not new, having first appeared in HPD’s Private Ownership and Management Program (POMP) of the early 1990s. According to Braconi,⁶¹ “the (POMP)

program was favored by HPD because it allowed (the city) to achieve high out-take volumes (of *in rem* buildings) working with experienced for-profit contractors and managers.”

The State Private Housing Finance Law (PHFL), cited above,⁶² prohibits real property having an HDFC incorporation, created under PHFL Article XI for the purpose of “developing a housing project for persons of low-income,” from being “transferred to a non-HDFC entity that does not have the sole corporate purpose required by the PHFL.” Thus, it appears that in order to transfer the remaining TIL buildings to ANCP for private development, HPD will utilize a finding from the office of the New York State Attorney General that addresses whether HDFC cooperatives could “convert the real property that they own into market-rate or condominium housing by...transferring the property to a different type of entity”- for example, a Third Party Transfer (TPT) entity like that which HPD employed under POMP.⁶³ To convey the TILs to ANCP, HPD has created such an entity, Restoring Communities HDFC. It “will own the property during construction, and transfer operating authority to the developer/sponsor.” As an HDFC, Restoring Communities is apparently subject to PHFL Article XI that governs corporations created for the sole purpose of “developing a housing project for persons of low-income;” but in practice Restoring Communities is only a pass-through, created by HPD to deliver the former TIL property, “created for the sole purpose of providing low-income housing,” to a private developer who will obtain financing, rehabilitate the former TIL building under the terms of ANCP,⁶⁴ and transform it into low-to-moderate income co-ops. Here we encounter a fundamental difference between the design and intent of TIL and that of ANCP. Instead of becoming the free-and-clear HDFC co-op owners of their own rehabilitated building, the TIL/ANCP tenants will share ownership with moderate-income cooperators to whom the

former TIL building has been marketed; and due to HPD's warehousing of so many vacant units the former TIL residents are likely to be a minority in the home they were once told would be their own. In addition, instead of owning a TIL/HDFC building free-and-clear, they will be saddled with a lien, incurred by the developer without their knowledge or consent, for the unpaid cost of the rehabilitation- a proportional share of which will be added to their co-op maintenance charges, presumably for the duration of the ANCP 30 year tax abatement.

The terms of ANCP shed light on HPD's decision to begin warehousing the TIL units a decade ago, and why it withdrew support from TAs ready to become HDFC co-ops, as reported above. HPD's rationale was only made public in 2015 when then-HPD Deputy Commissioner for the Office of Asset and Property Management Ann-Marie Hendrickson explained to the Director of PA'LANTE and a member of the press: "The reason we don't want to rent out vacancies while they are in TIL is because those vacancies are going to be needed on the back end (of ANCP) to be sold at higher prices to subsidize and pay the bank debt."⁶⁵

The ANCP term sheet⁶⁶ also helps clarify why the agency may have been less than forthcoming about its intentions. Outwardly ANCP appears to maintain the commitment to low-income affordable co-op ownership as envisioned nearly forty years ago when the TIL program began. The criteria for TILs converting to ANCP co-ops reflect standard HPD measures for assessing the readiness of TILs to become HDFC co-ops: "years since TIL intake, successful management of the building, maintaining an active tenant association, and the number of residents attending ongoing trainings." As described above in the TA reports to PA'LANTE, the capacity of the TAs to meet some of these criteria was impaired by HPD's apparent neglect and mismanagement, including the draining of TIL TA resources and the weakening of the

Associations due to the warehousing of vacant units. But there are other, more substantial challenges for TIL residents who agree to participate in ANCP.⁶⁷

1. the ANCP “buy-in” for TIL tenants will increase from the long-promised \$250 for their unit to \$2500- an amount of ready cash that many tenants will be unable to afford.

2. typical TIL rents of \$200-400 can “be restructured as maintenance charges up to 60% of Area Median Income (AMI) to cover debt service for the cost of construction, maintenance, and operations.” For a family of four, 60% of AMI is \$54,360; for one person, it is \$38,100; or about \$4,500 and \$3,200 per month respectively.⁶⁸ According to HPD, this difference between monthly maintenance and the former TIL tenant’s ability to pay will be subsidized by a pool of Section 8 funds from the Federal Department of Housing and Urban Development (HUD) that the agency claims will be set aside for this purpose, if available.⁶⁹

Reliance on a Section 8 subsidy, if available, to maintain the affordability of ANCP co-ops for low-income TIL tenants appears to ignore a steady erosion of HUD funding over many years, as well as HPD’s own recent experience with the volatility of federal Section 8 subsidies. In 2009, the growth of the agency’s subsidy programs was substantially limited when Section 8 rental vouchers were closed for New York City residents; and in 2013, federal budget cuts required sharp reductions in Section 8 subsidies for senior affordable housing. The 2013 cutbacks forced HPD into a program of emotionally and psychologically wrenching relocations of many elderly and disabled seniors to smaller quarters less costly to subsidize.⁷⁰ The unreliability of federal subsidy programs is unlikely to abate, and changes in national policy are afoot that would reduce or end various federal subsidies for persons of low-income. Under these

circumstances it appears risky to create a low-income co-op housing program like ANCP dependent on federal subsidies for 60-80% of the monthly maintenance charges that the TIL tenants will owe over the next thirty years. Because they lack the financial resources to pay the maintenance without the subsidy, reliance on it exposes them to a high risk of foreclosure should it be substantially reduced or ended. Moreover, this approach contradicts the lessons HPD ought to have learned during the past 40 years about substituting hopeful intentions and empty promises for sustainable housing goals- the most important of which is permanent affordability for persons of low-income.

3. The provisions of the ANCP term sheet raise longer-term concerns about affordability. The co-ops created under ANCP are not intended to be permanently affordable. To assist with financing, a developer of an ANCP co-op will receive a 30 year tax abatement similar in nature to those that were used to help finance affordable rental units under the Mitchell-Lama program a generation ago.⁷¹ The expiration of that abatement, which began on a site-specific basis in the 1990s, has resulted in the conversion of many affordable Mitchell-Lama rental units into co-ops, and a gradual loss of affordability in the rental units that remain due to rent increases. The ANCP term sheet imposes “a minimum 30-year regulatory agreement” on the developer under which “current and future vacant apartments must be sold to households whose incomes do not exceed 120% of AMI.”⁷² However, in a possible insight to the rationale for HPD’s large-scale warehousing policy, the term sheet specifies that *currently* vacant units can be sold by the developer to buyers with incomes greater than 120% of AMI, so long as non-city financing is used- an exception that appears to raise the question whether this process circumvents the PHFL Article XI requirement that those long-warehoused vacant TIL units, once they are conveyed

through Restoring Communities HDFC to the developer, must still be reserved for persons of low-income.

4. A related concern is that former TIL tenants whose level of rental affordability is now \$200-400 per month will be co-operating with owners paying as much as a hundred thousand dollars for their apartments (according to the term sheet, the ANCP income ceiling for a family of four is \$100,680). It is not hard to foresee that the resulting disparities in income and expectations of ownership may lead to difficulties in co-op integration and governance, perhaps even fostering the emergence of a “poor door” culture of haves and have-nots seen in recent developments that combined market rate and subsidized residents.

5. The term sheet also requires “third party management” of the property, a service for which co-op owners will pay still-unspecified fees and be assessed minimum annual maintenance increases of 2%; however, whether these and related assessments can be paid for with Section 8 subsidies has been left unaddressed. Another serious concern for TIL tenants who choose to own ANCP co-ops is the cost of special assessments levied to address common costs- for example, repairing damage to common areas, meeting legal expenses or increases in insurance, and city requirements to erect scaffolding for exterior inspection and repairs-⁷³ none of which are likely to be covered by Section 8 subsidies, even if available. Unless fully subsidized by another source, former TIL tenants are almost certain to find their co-op homes unsustainably expensive.

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With ANCP as the planned end point of the TIL program’s promise of permanent affordable home ownership for low-income New Yorkers, it is painful to look back at the

idealism expressed by HPD at TIL's beginning when it described its role: "We're not just creating housing. We're creating neighborhoods,"⁷⁴ and, in describing HPD's audacity, what the New York Times called "an extraordinary gamble"⁷⁵ to save the city's abandoned residential buildings through reliance on the courage and skill- and sometimes the nothing-to-lose attitude- of low-income residents struggling to survive in abandoned housing and devastated neighborhoods.

Within that history lies a vast narrative of hope, patience, striving, trust, and- most importantly- belief in the integrity of the city's promise. HPD was inspired in the dark days of the Nineteen Seventies to honor its obligation to not only house its lowest-income citizens safely and decently but to make that housing their own. A look at the TIL program description still to be found on HPD's website⁷⁶ reflects the distance the agency has travelled from the creation of its guidelines in 1986 to its embrace of ANCP: "TIL is intended to give you a chance to manage and eventually own your own home...Most important, TIL enables tenants to create decent and affordable housing."⁷⁷

Conclusion

Despite HPD's long-term intention to nurture the ANCP initiative, it remains difficult to understand why the agency so severely impaired the sustainable management of the buildings and homes to which it and the HDFC/TIL program have been officially committed for nearly 40 years. But the surpassing irony of the TIL saga may be that the current administration, in its eagerness to wed the city's property boom to the need for middle class affordable housing, is setting in motion, through the unsustainable provisions of ANCP for low-income residents, the

kind of family displacement that TIL was designed to prevent- and, simultaneously, discarding a successful vision of truly low-income cooperative housing that a very different New York was once grateful to embrace.

The TIL/HDFC program not only provided decent, affordable home ownership to low-income New Yorkers at a dark time in the city's history. It survived changing political and financial priorities as it anchored and helped renew threatened and devastated communities, and it permanently strengthened the health and diversity of the city's housing stock. TIL proved that when adequately supported by a committed government and non-profit sector, even neglected and abandoned housing, and poorly-served, low-income residents, can be the basis of community and individual renewal through belief in a better future, practical goals, hard work, sacrifice, and immense patience.

The programs from which the TIL tenants have benefitted also derive from New York City's long tradition of recognizing a right to decent, safe, affordable housing; its historical commitment to providing for the welfare of its neediest citizens; its embrace of a role as a compassionate and effective guardian of the commonweal; and its gradual but expansive defense of the rights of the poor and indigent against those who would exploit them. In other words, the TIL/HDFC program has been at heart about continuing a tradition of wise investment in the city's working and low-income people; which is to say, the creation and protection of communities that have historically anchored New York, and have enabled the city to prosper and grow while preserving its character as a place of economic opportunity and cultural diversity.

TIL also falls within the city's long and ground-breaking tradition of creating affordable and low-income cooperative housing. Co-ops have been a mainstay of the effort to house the city's workers decently for more than a century. Both the public and private sector recognized that the provision of good, affordable housing was as foundational as the dignity of work; just as in the reforms of the workplace, decent housing at an affordable price bespoke the requirement of safe, up-to-date surroundings that affirmed the worth of individuals and families.

HPD renewed that relationship through its TIL program. The agency shared with its tenants a belief in the efficacy of a temporary subsidy for a long-term benefit: the creation of stable, independent property ownership that would serve low-income residents and the city's interests alike. Yet now, under ANCP, HPD proposes something quite different: the TIL tenant associations will see the city's decades-long promise of cooperative ownership of their own building, with its sense of self-identification and financial control, withdrawn. What ANCP represents, then, is not simply the substitution of one housing program for another. It pre-empted the pursuit by the TIL tenants of the autonomy and dignity that come with normal rights of ownership and association; rights that they have, by any reasonable measure, long-since earned.

Finally, in proposing ANCP the city seems to have forgotten the goal of shared economic self-interest created by the housing crisis of the Seventies and Eighties. As noted above, the TIL program cannot be viewed in isolation. It was born of that crisis, but now, in a very different era, its remaining residents find themselves at the mercy of rising costs and an unreliable subsidy. The risks ahead, and the growing crisis of dispossession and homelessness we see around us, suggest that TIL and programs like it are needed now more than ever. Regrettably, under the terms of its ANCP initiative to replace TIL, the city appears committed to low-income co-ops

whose short-and-long-term affordability is fraught with foreseeable risk. The TIL tenants whose decades of commitment, investment, struggle, and cooperative low-income housing management as recounted in this report deserve better; in fact, they deserve what they were promised and what they earned: permanent affordable ownership of truly low-income co-op housing, located in the homes they have preserved and called their own. It is time for the city to fulfill that promise, and live up to the spirit and intent of the TIL program when created nearly forty years ago.

Recommendations

The recommendations below are premised on our conclusion that, 1. The TIL Tenant Associations referenced in this report have had their interests harmed by HPD's reported failure to provide proper training and oversight, as well as essential material and technical support; 2. HPD's policies, management failures, and deliberate indifference have acted against the agency's own stated intentions and the interests of the TIL tenants, impeding them from becoming HDFC co-ops; 3. The 40-year promise to provide cooperative low-income home ownership that HPD created with its TIL program has been broken; in its place is another promise of ownership under ANCP that we believe will fail to provide permanently affordable low-income co-ops to the TIL tenants. To remedy these defects, we recommend that:

1. The history and status of each remaining TIL Tenant Association and their building should undergo a one year review by an independent Commission to determine whether in each case the best permanent outcome would be as an HDFC or alternatively an ANCP co-op.
2. During the review there should be a moratorium on transfers of TIL buildings into Restore Communities HDFC or other third-party transfer programs or into ANCP; and transfers of buildings now in ANCP to for-profit developers.
3. The efforts of the Commission and HPD should be directed toward the goal, wherever possible, of enabling TIL Tenant Associations to become HDFC co-ops under the original terms of conversion through which the city renovates the TIL building and transfers it to the Association as a low-income HDFC co-op as was always intended, with the tenants offered the right to purchase their apartment for \$2,500.

4. During the period of the review HPD must fully meet its oversight and support obligations to the TIL Tenant Associations, and administratively and financially commit the agency to their success. Among other steps, HPD must:
 - A. Be required to assign each TIL building two new, fully trained, highly qualified, bilingual, full-time coordinators to provide all necessary legal, financial, and managerial advice and support to enable the Tenant Association to become an HDFC co-op; or, in cases where the Commission determines that buildings should enter ANCP, provide all necessary support to ensure that residents are fully prepared to function successfully long-term under ANCP;
 - B. Immediately meet its responsibility to carry out a full, detailed assessment of the extent and estimated cost of all required repairs and maintenance on each TIL building as called for under its own program guidelines; at minimum, each building must be brought into compliance with the provisions of the city's Building and Housing Maintenance Codes;
 - C. Provide three years of regularly scheduled consultation, oversight, and assistance for former TIL residents once they are housed in either HDFC or ANCP co-ops.
5. TIL buildings that are to house an HDFC co-op must undergo a full renovation of their structure and mechanical systems as originally called for under the HPD's guidelines for HDFC co-op conversions, including that the cost must be paid by the city and not transferred to the converted TIL/HDFC co-op as an indebtedness;
6. During renovation TIL residents must be temporarily re-housed in comparable circumstances at their current rent; must receive monthly progress reports from their building coordinator; and must continue to receive intensive training adequate to prepare them to manage their new cooperative and fiduciary obligations;
7. Existing TIL Tenant Associations that become ANCP co-ops should be subject to the provisions on income, assets, tax exemption, sales price caps, and other provisions under the new HDFC Regulatory Agreement currently being finalized by the city; therefore, HPD must ensure that current TIL residents slated to become co-op owners are fully informed of the provisions that will govern their ownership rights under said Agreement before they vote to participate;
8. With regard to ANCP, TIL residents whose buildings enter ANCP must be fully protected from unaffordable charges that would expose them to the risk of foreclosure, eviction, and homelessness. We recommend that:

- A. The approval process for TIL tenants to agree to participation in the ANCP program must be modified. At present, the terms of ANCP deny TIL tenants a right to vote on whether to participate, and if so on what terms until their TIL building has been transferred through Restoring Communities HDFC to a developer and renovated. Only then they are offered an ANCP co-op unit in their former TIL building whose location and design will have been determined for them by HPD and the developer.

This procedure places the TIL tenants at a serious disadvantage. Under current rules, when their building is conveyed to “Restoring Communities HDFC” and then to the project developer, they forfeit all control over the duration, extent, cost, loan indebtedness, and terms of return created by HPD’s agreement with the developer—even though that agreement will determine the terms under which they will own their co-op, and HPD appears to offer them no right to negotiate their own interests in said agreement.

The TIL tenants should retain the right they exercised when they voted to give up rent stabilization in exchange for a new right to purchase their own TIL/HDFC co-op for \$250, and to cooperatively own their building. It is a violation of the trust the tenants placed in HPD when joining TIL on these terms to now find that their only right to a co-op is to accept, after the fact, the financial burden imposed on it through the costs and loans created by HPD and the developer; and, as is likely to be the case, to be forced to give up their promised right to co-op ownership when financial risks associated with that burden prove too great.

The TIL tenants should have the right to vote *before the fact* on whether they want their building to enter ANCP, and on whether to accept the financial and other obligations they will incur with ANCP co-op ownership— the same right, in effect, that had when they voted to join the TIL program, and would have had when choosing to become an HDFC co-op.

- B. If a TIL Tenant Association votes to enter ANCP, HPD must be required to work closely and effectively with the tenants who will become co-op owners to determine if, in all likelihood, they have sufficient financial resources to pay the required 2% annual increases in maintenance, any special assessments, or other charges that can reasonably be expected to occur; in making this determination, HPD should rely on an independent analysis of a tenant’s financial resources;

- C. If said analysis determines that an individual's finances will, in all likelihood, prevent them from meeting the financial obligations of ANCP co-op ownership, such residents must be exempted from annual increases in maintenance charges, special assessments, and/or other charges levied on owners of said ANCP co-op;
- D. All former TIL residents older than 55, or who are legally disabled or vision impaired, who are confined to a wheel chair or similar device, or unable to work, shall have their share of monthly maintenance charges fixed at their current TIL rent;
- E. The difference between the total cost of monthly and other assessed charges and the amount a former TIL tenant can afford is to be covered by a Federal Section 8 subsidy, if available, according to HPD; therefore, if that subsidy is not available, should end, or prove insufficient to meet monthly maintenance charges, HPD or the developer must assume responsibility for paying said difference; similarly, before a TIL tenant agrees to become an ANCP co-op owner, HPD must determine and reveal whether that potential owner is eligible for the proposed or any other Section 8 subsidy.

Endnotes

1. See, "City's Rent Controlled Apartments are Vanishing." Community Service Society news, March 31, 2011. For the full report, see CSS, The Urban Agenda, both at <http://www.cssny.org>
2. The Tenant Interim Lease Program (TIL), initiated by the New York City Department of Housing Preservation and Development (HPD) in 1978, offered low-income renters living in city-owned buildings acquired *in rem* the prospect of co-op ownership of their apartment for \$250; requirements included: 60% of the tenants must agree to participate, and must comply with a number of benchmark requirements, including training designed to ensure their competence in property management. For details about program specifications and stated goals, see, <http://www1.nyc.gov/site/hpd/developers/development-programs/til.page>, and see: http://www.uhab.org/sites/default/files/doc_library/Inside_TIL_A_Guide.pdf
3. For ANCP, see the HPD website at: <http://www1.nyc.gov/site/hpd/developers/development-programs/affordable-neighborhood-cooperative-program.page> Also see, the ANCP Term Sheet setting out the rules and parameters of the program: https://www1.nyc.gov/assets/hpd/downloads/pdf/developers/term-sheets/PDF_ANCP_Term_Sheet.pdf
4. Jacobs, Jane. The Death and Life of Great American Cities. New York: Vintage Books, 1961.

5. Mahler, Jonathan. *Ladies and Gentlemen, the Bronx is Burning*. New York: Macmillan, 1977.

6. For a wide-ranging look back at the blackout, including accounts from all three major daily papers, interviews, and documentaries, see the New York Times commemorative pages published on the thirty year anniversary of the event:

http://cityroom.blogs.nytimes.com/2007/07/09/remembering-the-77-blackout/?_r=0

Also see, Corbett, Glenn P. "Arson, 1960s-1980s," p 65. In, *The Encyclopedia of New York*, 2nd ed., Kenneth T. Jackson, ed. New Haven: Yale University Press, 2010.

And see, Smith, Dennis. *Report From Engine Company 82*. New York: Warner Books, 1972.

7. Mollenkopf, John Hull. *A Phoenix in the Ashes: The rise and fall of the Koch coalition in New York City politics*. Princeton: Princeton University Press, 1992. 44-57. From the Fifties through the Eighties manufacturing (was) reduced "from almost a third of city employment to less than one-tenth in four decades." Mollenkopf, p. 57, citing Drennan, Matthew. "The Local Economy" in Charles Brecher and Raymond D. Horton, eds., *Setting Municipal Priorities 1990*. New York: New York University Press, 1989, 27-49.

8. op cit, pp 44-57

9. Rosenwaite, Ira. *Popular History of New York City*, p 135. Syracuse: Syracuse University Press, 1972.

10. United States Department of Commerce. Bureau of Economic Analysis. *Regional Economic Information Systems*, 1980. Cited in, Chall, Daniel E. "Neighborhood Changes in New York City in the 1970s: are the gentry returning?" *Federal Reserve Bank of New York Quarterly Review*, Winter 1983-84, 38-39.

11. Allred, Christopher J. "Breaking the Cycle of Abandonment: using a tax enforcement tool to return distressed properties to sound private ownership." Pioneer Institute, Better Government (essay) Competition Winner, 2000. <http://pioneerinstitute.org/>

12. Alan S. Oser. "Pressure to Ease Rent Curbs Likely in Strike Threat." NYT, March 1, 1970.

13. New York City, N.Y., Local Law No. 45 (1976) (codified as amended at New York City Administrative Code § 11-412 (2016)).

“*In rem*” is not an abbreviation but a legal principle meaning “against the thing.” In this context it describes a process of foreclosure on property whose owner has failed to pay property-related debts owed to a municipality. Authorized by the New York City Public Law 45, approved by the City Council in 1976, and then withstanding a court challenge, it was later adopted by other municipalities. In practice, the city allowed owners of property declared *in rem* a grace period of several months to make good on their debt before the city moved for final judgment.

14. Cited in, *Housing Policy in New York City: A Brief History*. The Furman Center for Real Estate and Urban Policy, working papers 06-01.

15. Braconi, Frank P. “In Re *In Rem*: Innovation and Expediency in New York’s Housing Policy, p. 98,” in Michael H. Schill, ed., *Housing and Community Development in New York City: Facing the Future*. Albany: State University of New York Press, 1999.

16. “We’re creating more than just apartments- we’re recreating neighborhoods. We’re revitalizing parts of the city that over the past two decades have been decimated by disinvestment, abandonment, and arson.” HPD’s philosophy of *in rem* housing restoration programs, as expressed in 1989. Quoted in, Schwartz, Amy Ellen, Ingrid Gould Ellen, Ioan Voicu, and Michael H. Schill. The External Effects of Place-based Subsidized Housing. *Regional Science and Urban Economics* 690 (2006).

17. Michael Goodwin. “City Struggling in Attempts to Sell Tax-Delinquent Apartment Buildings.” NYT, April 8, 1981.

18. Schwartz, Alex. New York City and Subsidized Housing: Impacts and lessons of the city’s \$5 billion capital budget housing plan. *Housing Policy Debate* 10 (4) 1999. “The city’s capital expenditures for housing, meanwhile, amounted to more than three times the housing expenditures of the next 32 largest cities combined during the late 1980s and 1990s.” Cited in, *Housing Policy in New York City: A Brief History*. The Furman Center for Real Estate and Urban Policy, working papers 06-01, p. 1.

19. Braconi, supra note 15, at 79,82-87, 105. Program examples include: Community Management, 7-A, Management in Partnership Programs- Neighborhood Builders Program, Entrepreneurs Program, Preservation Program, Redevelopment Program, Reinvestment Corporation, Housing Services, and Ownership Works, among many others.

20. Braconi, supra note 15, at 104

21. Braconi supra, note 15, at 105-106

22. New York City Housing Vacancy Survey. “The New York City Housing and Vacancy Survey (NYCHVS), sponsored by the New York City Department of Housing Preservation and Development, is conducted every 3 years to comply with New York state and New York City’s rent regulation laws. The Census Bureau has conducted the survey for the City since 1965.”
<https://www.census.gov/housing/nychvs/>

23. Braconi, supra note 15, at 116, Note 9, citing statistics provided by the city’s Rent Guidelines Board

24. op cit, at 102

25. op cit, at 102

26. op cit, at 102, noting that this number represented “40% of all homeless families relocated to permanent housing between 1987-1995.”

27. Schill, Michael H., Ingrid Gould Allen, Amy Ellen Schwartz, and Ioan Voicu. “Revitalizing inner-city neighborhoods: New York City’s Ten-Year Plan. *Housing Policy Debate* 13 (3) (531) 2002.

28. Braconi, supra note 15, at 103; and see, Schill, et al, supra note 27, at 539 “expenditures reached \$58,000”

29. For UHAB, see <http://www.uhab.org/about> ; for UHAB guidelines for the TIL program, see http://www.uhab.org/sites/default/files/doc_library/Inside_TIL_A_Guide.pdf

30. See Jonathan Steinberg. “How city tenant groups take steps toward ownership.” NYT September 9, 1979. “UHAB has contracted with HPD to provide training for all groups entering the Interim Lease (program). Ten hours of intensive classroom training is provided. Field coordinators also visit the building and meet with tenant groups.”

Also see, Brooke, James. “Tenants Learn to Act Like Landlords. NYT, September 28, 1984. “UHAB provided a textbook, *A Guide for Tenants who Manage Their Own Buildings.*”

31. DAMP was established to assist with the management and sale of city property to private owners who typically obtain exemptions of property taxes for up to 40 years. See:
<http://www1.nyc.gov/site/finance/benefits/benefits-division-of-alternative-management-damp.page>

32. TIL/HDFC co-ops, known as “Article 11” co-ops, were created pursuant to Article XI of Chapter 44B of the Private Housing Finance Law. *See* N.Y. Priv. Hous. Fin. Law §§ 570-582 (as amended) (McKinney), especially §573(3)(a), requiring “that the company has been organized exclusively to develop a housing project for persons of low income.”

33. Steinberg, *supra* note 30, at 1. Quoting Philip St. George, assistant commissioner of DAMP (in 1979), “We’re trying everything we can to find people who can manage and maintain these (*in rem*) properties....It’s only in the past year that the scale of the *in rem* problem has been known.” Steinberg reports that “400 buildings and 10,000 apartment units” were already enrolled in DAMP, “but the city has only recently begun to develop a procedure to provide needed repairs, (at a cost of) up to 1 million dollars in the 1980-81 fiscal year.” Note: by 1999, 116 buildings or 12% of the total in alternative management had been re-foreclosed by HPD.

34. Braconi, *supra* note 15, at 106-107

35. *op cit*, at 100-101

And see, an overview of Federal Housing funding and policy by Schwartz, Alex F. and Avis C. Vidal. “Between a Rock and a Hard Place: The Impact of Federal and State Policy Changes on Housing in New York City,” in Michael C. Shill, ed., *Housing and Community Development in New York City: Facing the Future*. Albany: State University of New York Press, 1999.

36. Braconi *supra* note 15, at 108-109

37. *Op cit*, 104-105

38. *Op cit*, at 99. From 1978-1983, for example, during TIL’s early years, HPD “served some 25,000 three-day eviction notices and repossessed over 5,000 apartments.”; and see, Steinberg, *supra* note 28, at 4 reporting on a building at 40 Tiemann Place in Morningside Heights in 1979: “in the eight months since it entered the Interim Lease Program, 13 tenants have been evicted including a vice president and treasurer of the tenant association.”

39. For information on the city’s “One Shot Deal” program, see: <http://www1.nyc.gov/nyc-resources/service/1205/one-shot-deal-short-term-emergency-assistance>

40. Braconi, *supra* note 15, at 105, 111, 114-15

41. *op cit*, at 103

42. Quoted in, Michael Goodwin. "City Struggling in Attempts to Sell Tax-Delinquent Apartment Buildings." NYT, April 8, 1981.

43. See, "Inequitable Enforcement: The Crisis of Housing Code Enforcement in New York City, 2003." Association for Neighborhood and Housing Development and the Public Advocate for the City of New York Betsy Gotbaum. <http://www.anhd.org/resources/resources.html>

44. For the General Provisions of the New York City Housing Maintenance Code, see: <https://www.nyc.gov/assets/buildings/pdf/HousingMaintenanceCode.pdf>

45. For the Alternative Enforcement Program, see: <http://www1.nyc.gov/site/hpd/owners/AEP.page>

46. For a description of the 1998 audit by city comptroller Hevesi, see <http://citylimits.org/1998/09/14/hevesi-audit-slams-city-tenant-ownership-program/>

47. "New York State Controller's audit of the Department of Housing Preservation and Development concerning the rehabilitation and disposal of City-owned dwellings." State of New York. Office of the State Controller, Division of Management Audit and State Financial Services, report 99-N-5.

And see, "New York City Department of Housing Preservation and Development: Rehabilitation and Disposal of City-Owned Buildings." Report 99-N-5, 1999 pp. 7-20. State of New York. Office of the State Comptroller. Division of Management Audit and State Financial Services. <http://osc.state.ny.us/audits/allaudits/093000/99n5.pdf>

48. http://www.uhab.org/sites/default/files/doc_library/Inside_TIL_A_Guide.pdf pp 1-2

49. See, Emma Whitford. "Why are hundreds of NYC apartments vacant?" Gothamist, March 9, 2016. Whitford cites HPD in reporting that there were currently "1,525 units in TIL, with 897 vacant."

And see, Abigail Savitch-Lew. "City's Housing Plan Moves Away From Bolstering Home Ownership." City Limits, April 8, 2016. <http://www.citylimits.org>

Also see, <https://www.dnainfo.com/new-york/20150901/hamilton-heights/tenants-citys-rent-to-own-til-program-frustrated-by-delays>

50. Quoted from the account provided to PA'LANTE by the #107 West 105th Street Tenant Association. For the Pratt Institute, which has operated a number of community assistance projects, see <https://www.pratt.edu/the-institute/>
51. The Housing Maintenance Code, *supra* note 44
52. For UHAB's published guidelines for HPD TIL Tenant Associations specifying their responsibility to rent vacant units in their building, see: http://www.uhab.org/sites/default/files/doc_library/Inside_TIL_A_Guide.pdf p 3, "The TIL Lease."
53. *Op cit*, p 3, "The TIL Lease."
54. Pers. Communication from the Director of PA'LANTE, October 29, 2016.
55. *op cit*, pers. comm. from the Director, October 29, 2016.
56. *op cit*, pers. comm. from the Director, October 10, 2016, reporting a conversation that occurred on May 8, 2014.
57. "At the end of the day the city has not been adequately funding TIL buildings for decades," said Mark Levine, NYC Council Member whose district includes portions of Central Harlem. He added that 'many of the buildings are falling into disrepair, and tenants can wait years before they can become co-ops.' See, <https://www.dnainfo.com/new-york/20150901/hamilton-heights/tenants-citys-rent-to-own-til-program-frustrated-by-delays.com>
58. See, Christian Zhang, Andrea Shang, and Naomi Cohen. "Locals Weigh Future of Low-Income Homeowner Program." Columbia Daily Spectator, November 21, 2013. <http://columbiaspectator.com/news/2013/11/21/locals-weigh-future-low-income-homeowner-program>
59. See, The Growing Gap: New York's Housing Affordability Challenge. Office of the New York City Comptroller. Bureau of Fiscal and Budget Studies, 2014. http://comptroller.nyc.gov/wp-content/uploads/documents/Growing_Gap.pdf
60. For the terms of the Affordable Neighborhood Cooperative Program, see: https://www1.nyc.gov/assets/hpd/downloads/pdf/developers/terms-sheets/PDF_ANCP_Term_Sheet.pdf

And see, the Department of Housing Preservation and Development FY 2017 Borough of Manhattan Budget Consultation Agenda. <http://www.Cbsix.org/wp-content/uploads/2013/02/FY-17-HPD-MANHATTAN-NOTES.pdf>

61. Braconi, *supra* note 15, at 106-108

62. The New York State Private Housing Finance Law, *supra* note 32

63. Braconi, *supra* note 15, at 106-107. Other ANCP program aspects also seen in POMP include the use of pre-qualified developers, the limiting of profit margins, and a \$2,500 per unit purchase price.

64. See, State of New York, Department of Law, Real Estate Finance Bureau Memorandum of July 16, 2015. “Guidance on housing Development Fund Corporations Seeking to Transfer or Sell Property for, or Otherwise Convert Property to Market Rate Use,” pp 2-3. Available at: https://www.ag.ny.gov/sites/default/files/pdfs/bureaus/real_estate_finance/Effective-memos/7.16.2015_Guidance_on_HDFC_Seeking_to_Transfer_or_Sell_Property.pdf

65. See, Gustavo Solis. “Tenants in City’s Rent-to-Own TIL program Frustrated by Delays.” DNAinfo, September 1, 2015. <https://www.dnainfo.com/new-york/20150901/hamilton-heights/tenants-citys-rent-to-own-til-program-frustrated-by-delays>

66. New York City Department of Housing Preservation and Development, Office of Development, Division of Property Disposition and Finance. “Affordable Neighborhood Cooperative Program (ANCP) Term Sheet,” ver. 11/13/2014. Available at: https://www1.nyc.gov/assets/hpd/downloads/pdf/developers/term-sheets/PDF_ANCP_Term_Sheet.pdf

67. *op cit*, page 2. Note particularly the headings “Cooperative Conversion Plan” item 1; “Rent/Maintenance Setting”; and “Regulatory Requirements” items 3 and 4.

68. ANCP Term Sheet, *supra* note 60, at “Rent/Maintenance Settings,” item 2.

69. Pers. Comm. from the Director of PA’LANTE, October 20, 2016

70. See, Testimony of Manhattan Borough President Gale A. Brewer to the New York City Council Joint Hearing with the Committee on Housing and Buildings and the Committee on Public Housing, April 9, 2014. Accessible at:

<http://www.Manhattanbp.nyc.gov/downloads/pdf/2014-04-09%20Council%20Testimony%20on%20HPD%20and%20NYCHA%20Downsizing.pdf>

71. The Mitchell-Lama housing program, created under 41 N.Y. Priv. Hous. Fin. Law §11 to address the inadequacy of safe, sanitary housing for families of low and moderate income, was named for its sponsors State Senator MacNeil Mitchell and State Assemblyman Alfred Lama, and signed into law in 1955.

72. ANCP Term Sheet, *supra* note 60, at “Regulatory Requirements” for ANCP projects, and also item 1.

73. *See, e.g.*, N.Y. Lab. Law § 240 (McKinney) (requiring “hoists, stays, ladders, slings, hangers, blocks, pulleys, braces, irons, ropes, and other devices . . . to give proper protection” to construction workers).

74. Schwartz, Amy Ellen, Ingrid Gould Ellen, Ioan Voicu, and Michael H. Schill. “The External Effects of Place-based Subsidized Housing.” *Regional Science and Urban Economics* 690, 2006; cited in, Peter Barker-Huelster, Sam Filler, and Abigail Nurse, “Failures in Subsidized Housing,” published as part of a New York University seminar in Land Use, Housing, and Community Development in New York City, November, 2011.

75. Roger Wilkins. “Experiment to Curb Blight: Let Tenants Run Buildings.” NYT, April 20, 1979.

76. <http://www1.nyc.gov/site/hpd/developers/development-programs/til.page>

77. *supra* note 52, at 1 “What is TIL?”

http://www.uhab.org/sites/default/files/doc_library/Inside_TIL_A_Guide.pdf



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INTRODUCTION

Thank you, members of the Committee on Housing, for the opportunity to provide testimony today. This testimony is submitted on behalf of The Legal Aid Society.

Founded in 1876, the Legal Aid Society's Civil Practice is the oldest and largest program in the nation providing direct legal services to the indigent. Annually, the Society's Civil Practice provides free direct legal assistance in more than 47,000 individual cases involving immigration, domestic violence, family law, and employment, in addition to housing, public benefits and health law matters, through a network of neighborhood and courthouse-based offices in all five boroughs and 22 specialized units and projects for under-served client groups.

Since their inception, The Legal Aid Society's Housing Development Unit (HDU) and Community Development Project (CDP) have worked to help tenants and tenant organizations preserve and expand the stock of affordable housing throughout New York City. Legal Aid has successfully converted numerous buildings to HDFC cooperatives. We provide technical and legal assistance to help tenants successfully convert their buildings to affordable housing cooperatives and provide representation on corporate governance matters, shareholder rights, compliance with HDFC governing documents, refinancing debt and negotiating agreements with the City. In turn, these cooperatives remain a vital source of stable and affordable housing.

In addition, we have advocated on behalf of our clients and collaborated with community partners and the Department of Housing Preservation and Development (HPD) to improve regulations, training and support, affordability, and oversight of HDFC cooperatives. Perhaps most importantly, we have strived to ensure fairness in the process, to protect the interests and voices of our clients, and to help empower our clients and their respective communities.

Through all of these activities, The Legal Aid Society has developed a deep understanding of the current situation involving HDF cooperatives, and the key issues and obstacle facing tenants and HPD with respect to such projects.

The failures of the TIL Program has significant consequences. For many low-income residents of NYC, opportunities for homeownership, and the resulting empowerment of local communities through programs like TIL are increasingly rare. In the face of gentrification and increasing real estate speculation, most tenants in TIL buildings cannot purchase a market rate home in their respective neighborhoods. TIL buildings that are terminated from the cooperative conversion process are then sold to real estate developers who are motivated by profit incentives that undoubtedly conflict with the affordability concerns of tenants.

The testimony today focuses on challenges with the current HDFC cooperative conversion process, specifically with the Tenant Interim Lease Program (TIL). The key issues include the delay in converting TIL buildings to HDFC cooperatives, longstanding quality of life issues for TIL tenants, poor communication from HPD, concerns with the Affordable Neighborhood Co-op Program (ANCP), and preservation of the long-term affordability of HDFCs.

BACKGROUND

HDFC co-ops are incorporated pursuant to the Private Housing Finance Law. Article XI Section 572(14) of the PHFL provides that the “supervising agency” in the City of New York is the Department of Housing Preservation and Development (HPD).

In 1978, New York City created TIL as a way for renters in city-owned buildings to become cooperative owners of their apartments in abandoned low-income buildings, and as a response to landlords abandoning low-income housing units that fell into severe disrepair. In most cases, the City assumed ownership from landlords who were unable to pay their real estate taxes.

Unlike other HPD cooperative conversion programs that rely on a sponsor-developer, TIL tenants manage their own building while they are awaiting conversion to cooperative. Self-help is a cornerstone of the program, and participants invest significant sweat equity in running and maintaining their buildings for many years, pursuant to an interim lease between the tenant association (TA) and the City. HPD assigns a coordinator who is supposed to help the TA meet TIL program requirements and properly manage the building.

UNDUE DELAY IN COOPERATIVE CONVERSION DEPRIVES TENANTS OF HOMEOWNERSHIP

While the goals and program design for TIL are well-intentioned, the reality of TIL reflects inadequate allocation of financial resources from HPD. TIL buildings are left to do their best with very little support from HPD.

Over the years, The Legal Aid Society has held many community workshops and forums for tenants in TIL buildings, HDFCs and other HPD cooperative conversion programs. In these forums, and through client stories, The Legal Aid Society has heard the frustration of tenant associations, as many continue waiting a decade or more for their buildings to initiate the cooperative conversion process.

The City’s undue delay in conversion not only temporarily deprives the TIL tenants of the homeownership opportunity they were promised, but has also meant that some residents will never realize

the opportunity and dream of becoming a homeowner. For example, it is not uncommon to hear of seniors, who have endured decades of fighting to preserve their homes and communities, that have passed away in TIL buildings without ever realizing the dream of becoming a homeowner. In addition to the individual stories of unrealized dreams of homeownership, some TIL buildings lose their opportunity to become homeowners altogether due to a number of factors, exacerbated by years of neglect and frustration.

In the past 5 years, The Legal Aid Society developed an outreach plan of TIL buildings. Through this outreach effort, our staff observed many TIL buildings that were boarded up, and many other buildings that were nearly empty due to disrepair. Further, we spoke with TIL tenants who told us about neighbors who had been evicted and how other tenants continue moving out because the conditions of their building were so poor and would only continue deteriorating.

In some of these TIL buildings, tenants were relocated from other buildings and never received information regarding the prospects of returning home, how to get in touch with their original Tenant Association members, or whether they would be given any opportunity of cooperative homeownership in their relocation building.

The delay in conversion and the frustration from living in disrepair has impacted tenants' morale, organization, and cohesion. These factors may be fatal to a building's path to cooperative conversion. In some TIL buildings, the TA becomes so frustrated that they lose cohesion amidst the years of neglect, disorganization, and lack of communication and support from HPD. Once that happens, HPD terminates such buildings from TIL and they lose their opportunity for homeownership permanently.

THE CONSEQUENCES OF DISREPAIR AND DISORGANIZATION OF TIL

The TIL "interim lease" with the City gives the TA the authority to collect rents and run their own building. The rent collected is supposed to cover the cost of maintenance and repairs, but it cannot cover the cost of fixing major building problems. In theory, the City has the power to make emergency or major repairs that the building's regular operating budget cannot afford, but in reality many TIL buildings are left in disrepair for many years. TIL buildings are, by definition, distressed buildings that have suffered considerable disrepair for decades. TIL buildings are City-owned properties but unfortunately, for many TIL tenants, there is no difference between the City and any private slumlord.

The Legal Aid Society has seen firsthand tenant associations from TIL buildings making requests for emergency repairs from HPD that go unaddressed for years; seeking relief from conditions that may include: mold, leaks, crumbling walls and ceilings, and much more. The delay in rehabilitation of the building means that tenants are forced to live in substandard housing conditions without any relief in sight.

Many cooperative conversion buildings, within HPD's purview, including but not limited to TIL buildings, have similarly found themselves in dire straits through limited or no fault of their own. It has become apparent that some disastrous outcomes stem from a lack of meaningful, ongoing and comprehensive assistance from HPD in preparing tenants for homeownership, and inadequate transparency and communication.

HPD must provide more active support and provision of technical assistance from the HPD building coordinator and supervisor to help meet the goal of educating and empowering the future shareholders. HPD provides informational seminars, written educational materials, and trainings to assist tenants as they navigate the murky waters toward eventual homeownership. However, these educational

opportunities have historically been limited in scope and did not account for the sometimes significant gaps in tenants' knowledge and understanding of how to successfully operate their buildings. Moreover, the lapse from when these courses are initially offered, to when the building may one day convert to cooperative, may span over a decade.

HPD staff dedicated to TIL have also undergone considerable and frequent turnover every year, leading to inconsistency, confusion and poor communication between HPD and the TA. As an example from last year, I emailed a TIL-HPD supervisor and an HPD coordinator for one of our clients for approximately 6 months. After receiving no response from the HPD supervisor or coordinator, I contacted the Assistant Commissioner who then told me the supervisor had left HPD over 6 months ago. The New York Post published an article "Special Housing Program Is Probed for Alleged Scam" on April 20, 2017 that reports allegations of "building coordinators responsible for supervising TIL sites would regularly falsify reports and often didn't show up at buildings for months." This article corroborates the concerns and complaints that The Legal Aid Society has heard from TIL tenants regarding their experiences and frustration with HPD's TIL staff.

In 2015—years after the start of TIL, HPD suddenly began actively monitoring compliance of TIL buildings with the TIL rules. At the time, all TIL buildings received letters from HPD regarding compliance with TIL—generating substantial confusion about what was happening with TIL after years of inactivity. Many TIL buildings received warnings for noncompliance issues that were not their fault. For example, some warnings came as the result of delays in scheduling annual TA Board elections even though the delays arose because the HPD building coordinator had repeatedly postponed elections. Other HPD notices included erroneous allegations of rental arrears due to accounting errors or that the TA did not submit financial reports that were indeed submitted to their HPD building coordinator.

After HPD embarked on this phase of compliance monitoring, some TIL buildings were able to clear up the errors with HPD's records. But, other TIL buildings were placed on probation, and some were even terminated from cooperative conversion for alleged noncompliance with TIL Program rules. When HPD has determined that a building is no longer viable to convert to a cooperative, it is often because HPD has made sloppy mistakes in reaching their determination, or has been grossly unfair in evaluating the totality of the circumstances.

In fact, The Legal Aid Society has brought suit against HPD to challenge such determinations in the past and has been able to restore some of our clients back onto the cooperative conversion track. Most TIL buildings, and other HPD-managed cooperative conversion buildings, do not have legal representation and are unable to sufficiently advocate for themselves and, if necessary, legally challenge the unfair actions of HPD. Unfortunately, due to the disorganization, lack of communication and transparency, and lack of resources from HPD, many TIL tenants find the process of cooperative conversion to be disempowering—an outcome in direct contravention to the underlying goals and mission of TIL.

CONCERNS WITH THE AFFORDABLE NEIGHBORHOOD COOPERATIVE PROGRAM

As the concerns with TIL have received increasing attention in recent years, HPD has created a new program to, in a sense, replace TIL. According to HPD, the Affordable Neighborhood Cooperative Program (ANCP) was created in 2014 to operate as the second phase of cooperative conversion for TIL buildings. In ANCP, HPD selects developers to rehabilitate distressed TIL properties, in order to bring TIL buildings fully through the conversion process. However, HPD's selection of a developer for specific buildings is made without consulting any of the tenants.

ANCP provides low interest loans in the form of a City Capital subsidy and construction and permanent financing sources provided by, among others, private institutional lenders and New York State Affordable

Housing Corporation (AHC) programs. Loans are intended for buildings needing replacement of building systems, structural improvements and modernization of apartment interiors.

HPD has provided limited and general information on what ANCP is and why it was created. HPD has not promulgated formal rules for the program, despite repeated requests from The Legal Aid Society and despite the legal requirements for such rules imposed by the state and city Administrative Procedure Acts (SAPA and CAPA). In contrast, HPD promulgated formal rules for TIL that were put out for notice and comment.

There are many aspects of ANCP that are new and different from TIL, such as the role of the lender, the new cap on the HPD loan amount per unit, a specified equity requirement and a change in how rent is calculated. In addition to process and procedural issues with what HPD is doing with TIL and ANCP, these changes deserve public comment before implementation. Promulgation of formal rules for ANCP would also create enforceable, clearer standards for TIL tenants being transferred into ANCP.

AFFORDABILITY

As gentrification transforms New York City's housing stock, the need for affordable housing and affordable homeownership opportunities become more acute. We have serious concerns regarding the ever-expanding and relaxed definition of "affordable." Affordability can be addressed by ensuring that the rents and maintenance in these HDFC cooperatives remain truly affordable to low-income New Yorkers and can also be addressed by implementing and enforcing resale price caps.

Historically, TIL buildings were converted to cooperatives without being transferred to any other entity or HPD program during the conversion process. Moreover, TIL buildings were historically converted without any encumbrances. As a result, TIL buildings have historically maintained very affordable rents for low-income families, and have subsequently maintained very low maintenance rolls as affordable housing cooperatives.

Under ANCP, TIL buildings are now subject to development costs controlled by an HPD-chosen developer. These development costs can easily add up to millions of dollars that will then be passed on to low income families in the form of restructured rents and maintenance, and tied to their building in the form of loans.

During ANCP, the development phase of the conversion process, the buildings receive rehabilitation loans pursuant to the Private Housing Finance Law, which permits HPD, as the supervising agency, to set initial restructured rents for the building. The restructured rents are easily projected at over \$1,000-\$1,500 dollars, oftentimes increasing individual rents in these buildings by \$500 dollars or more. These increases can have devastating effects on persons with very low or fixed incomes and impact disproportionately people of color, seniors, and the disabled.

Article XI of PHFL § 576 (c)(3) states that during pre-conversion "the supervising agency [HPD] shall use its best efforts to ensure that activities carried out pursuant to this article are structured so as to minimize the likelihood of any involuntary economic displacement of tenants who reside in multiple dwellings which are the subject of such activities." At the initial rent restructuring, HPD will generally provide Section 8 vouchers, when they are available, to those who are eligible to prevent the economic displacement of long-term tenants.

However, there is no HPD policy to prevent the economic displacement that may occur after the initial rent restructuring, when there is fluctuation in household size or income. It is not uncommon for a family with working adult children to later experience a drop in household income when those adult children

move out, or for a household member, who was previously a source of income, to experience a layoff or pass away. Additionally, there is no HPD policy on how a building is to generate sufficient income to pay off the building's loan if Section 8 is no longer available due to funding cuts, or if the payment standards are reduced. There are no measures in place for HPD to address these scenarios after rents are restructured and increase multi-fold.

At the heart of the matter is how ANCP financing is structured through significant loans that are then transferred to the tenants through restructured rents and maintenance, and in the form of mortgages to the affordable housing cooperative. HPD must allocate additional funds and resources to preserve long-term affordability for tenant-shareholders and to prevent displacement that results from the consequences of the significant rent restructuring that will happen under ANCP.

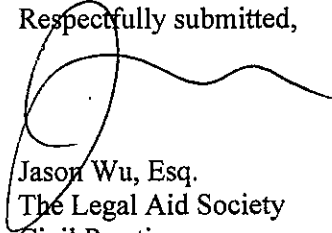
CONCLUSION

The affordable housing cooperative model, specifically the TIL to HDFC cooperative pipeline, was created to empower community members and bring dignity and stability to formerly distressed communities. While this testimony focuses on TIL and ANCP, many of the issues and concerns raised are applicable to other city-managed programs.

We want to strengthen the HPD-managed programs, be it TIL, ANCP, or any other program, that facilitate HDFC cooperative conversion, and that better support the residents in these buildings so that their buildings can become successful affordable housing cooperatives. Similarly, once these HDFC cooperatives are formed, we want to ensure that they have access to the resources and assistance they need to remain successful and affordable. This requires HPD to provide the financing needed, in order to expedite the cooperative conversion process for TIL buildings, and provide more technical assistance from HPD staff.

We look forward to working with the Committee on Housing, along with other community stakeholders, to strengthen TIL-ANCP, HDFC cooperatives, and other cooperative conversion buildings, as a vital source of stable affordable housing in New York City.

Respectfully submitted,



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April 2017

Open letter to the
Members of the Hearing Panel

Good Afternoon All Concerned,

My name is Darryl Patricia Jewett and I live at 1890 Andrews Avenue, apartment 3F, Bronx, N.Y., 10453. I have been living in this building since September 1977, right before my 21st birthday, about 40 years ago! When I first moved here there was a Tenants Association and Ms. Gladys Matos was the President and she lived in apartment 5J

Ever since I can remember Mr. Philip Schorr / RMA has been the Overseer of my building even though Mr. Philip Schorr / RMA has changed names so many times:

Morris Heights Neighborhood Improvement Association
Morris Heights Restoration and Housing Development Fund Inc.
Morris Heights Restoration, H.D.F.C.
Morris Heights Preservation LP

During the Summer of 1980, myself and the other tenants participated in a **Tenant Education Program. We did this so that we could become owners of our apartments and we were all very excited about becoming owners.** In fact I remember taking those classes and that Mrs. Hannah Schorr, Mr. Schorr's wife was one of the teachers. There was a celebration, RMA took photos, certificates were given out. That was the same year that I became a Mother and had my daughter

in November of 1982 a letter from Morris Heights Restoration And Housing Development Fund, Inc. that spoke about purchasing your apartment and at the same time I received a letter from Morris Heights Neighborhood Improvement Association addressed to all of tenants about the Tenants Association meeting.. I remember going to the meeting and being excited and so were all of my friends and neighbors.. We were all ready to become owners and then we were told that everything fill through.

Next thing I know it was 1992 and Our building was getting an Article 8A Loan with a Rent Adjustment.. Again this was under Mr. Philip Schorr and went through some kind of major renovations

In the 40 years that I have been here I have gone through a lot! My Family and I have gone through countless nights, weeks without heat and or hot water. We have had to deal with Rats, mice and roaches! We have also had to deal with Repairs done poorly or just not done at all!

For the life of me I can not understand why HPD would want to loan more monies to a Company that just keeps changing it's name all while Mr. Philip Schorr remains the Key person

in charge. Then you need to really look at the Poor Quality Renovation / work that keeps happening!

Don't believe me! Come Visit! Come and see for yourselves what is happening at 1890 Andrews Avenue! See for yourselves how taxpayers monies are being wasted!!

Can someone Please explain to me What happened?? How did I loss a chance at owning my apartment? Because I am 60 years old now and I can't sleep at night because I am worried that me and my family are going to become Homeless!

Respectfully

D. Patricia Jewett



FOR THE RECORD

BLS Legal Services Corp.
Corporate and Real Estate Clinic

Testimony of Debra Bechtel, Brooklyn Law School Associate Professor of Clinical Law, Before the New York City Council Committee on Housing and Buildings April 27, 2017

I am a Professor at Brooklyn Law School and I have been representing HDFCs in non-litigation matters for thirty-three years. For the past 20 years, I have directed a clinic that I created at Brooklyn Law School which offers these services free of charge with the help of ten students per semester. During this time, I have represented hundreds of HDFCs when they first purchased from the City or received loans and tax forgiveness, sold units, amended corporate documents and conducted annual elections. I generally don't represent HDFC rental buildings although I have a few not-for-profit rentals that I am trying to convert to cooperatives.

I don't actually know a lot about the current TIL/ANCP program. Rather, I think what I have to offer is a sense of why low-income cooperatives are important, what can go wrong and why HPD should tread carefully (though not too slowly) in creating new versions of the TIL program.

We probably all agree that well-run low-income cooperatives with reasonable maintenance charges and reasonable purchase prices are important components of New York City's affordable housing stock. I have seen many successful HDFC co-ops that meet these criteria. I have seen everyone from retired grandmothers to young people who have grown up in the buildings pitch in by joining the co-op board. The cooperative approach, in the best examples, becomes the culture of the building. These can be relatively inexpensive places to live which also allow residents to make decisions about their homes and pass on both the security, the monetary value and the experience to their children.

However, achieving smooth operation, reasonable maintenance costs and reasonable sale prices is very difficult. The challenge for HPD is how to create the best possible initial structure and rules, and later, how to monitor compliance, troubleshoot and offer assistance to the co-ops.

I know that many of you are well aware of some HDFC co-op problems, but I thought I would run through some of the issues I encounter repeatedly which might be avoided with more training, clearer rules, some monitoring and more financial assistance.

1. **High Priced Sales/Failure to Remain Affordable.** Every iteration of the TIL program had an income limit for re-sale purchasers, but none before ANCP had a re-sale price limit or re-sale price chart. Many HDFCs adhere to their stated corporate purposes, but some in trendy neighborhoods

have really abdicated responsibility and allowed prices to skyrocket. With vague re-sale guidelines, this problem is difficult to avoid.

2. **No Maintenance Increases.** It is difficult for some shareholder/board members to raise their own maintenance. As the years go by without appropriate increases, the problems are magnified. My students and I have interviewed many boards of directors in buildings where maintenance hasn't been increased for ten or more years. The result is often real estate tax arrears or deferred building repair work.
3. **Failure to Collect Maintenance Arrears.** A related problem is that some boards have difficulty pursuing their neighbors in housing court or delay doing so because of the legal costs.
4. **Deceased and Departed Shareholders.** Shareholders in these HDFCs who are under the impression that the units are not particularly valuable, or who are behind in maintenance, or who can't afford an estate lawyer, often fail to make inheritance arrangements and/or they abandon their units without a proper transfer of the shares. This creates a potentially expensive limbo period for the co-op with maintenance arrears and no one to vote the shares.
5. **Failure to Hold Annual elections.** Some boards hesitate to give up control or to face questions from shareholders, so they fail to schedule annual elections or only hold them sporadically.
6. **Failure to Inform Shareholders** Many boards fail to distribute annual financial reports or otherwise keep shareholders informed about operational issues. Shareholders become frustrated and are not able to get any help from HPD or the Attorney General's Office.
7. **Tax Arrears.** Often--- as a result of 2,3 and 4 above--- buildings fall into arrears on real estate tax and water payments.
8. **No Financial Cushion.** Again, because of many of the above issues, many HDFCs have no reserve fund or have a very sparse one.

Some Potential Solutions or Improvements:

1. **Regulatory Agreements governing price caps and maintenance increases, limiting subletting and primary residence violations and carving out a monitor role.**
Newly created HDFCs should have regulatory agreements and some involvement by a monitor. Regulatory agreements can be offered to existing HDFC's as well, as HPD has recently proposed, although I hope that the incentive will be a complete tax exemption rather than a partial tax exemption that is complicated to calculate and difficult to weigh against the HDFCs' current situations. Also, I'm not convinced that the monitor has to actually deliver violation notices to

shareholders as HPD proposed, but I think that a monitor whose role is to gather certain financial documents, assist with annual meetings and approve re-sales can be very useful. I have worked with Housing Trust Fund buildings that UHAB monitors and it's sometimes consoling for board members or shareholders to know that there is a higher authority of some sort.

2. **More HPD staff dedicated to monitoring and advising HDFCs.**

As long as I have been dealing with HPD's staff specifically assigned to assisting HDFCs, there have been at most two people. The increase to three last year has been helpful, but more are needed for 3200 buildings. Monitors could help with this burden.

3. **More Technical Assistance and Training.**

I have heard many HDFC officers proclaim how helpful they found the training they received from UHAB. UHAB also provides invaluable but time-consuming on-site assistance with meetings as well as loan packaging assistance for distressed HDFCs (some of which will now be done by NHS, I believe). This assistance should be expanded.

4. **More Free Legal Assistance**

A smattering of organizations provide free legal assistance for HDFC boards, but more is needed-- either through new or existing not-for-profits, law school clinics or pro bono programs.

5. **A Simplified Process for Loans to Address Tax Arrears, Rehabilitation and Professional Fees.**

For a brief time, Article 8A rehabilitation loans also included assistance with tax arrears. The opportunity to clear up several issues at once was very useful and should be revisited. HPD did significant troubleshooting recently on behalf of HDFCs with arrears in water charges and that sort of involvement should continue and be expanded. Finally, some consideration should also be given to creating a source of small easy-to-obtain loans for emergency situations or professional fees.

6. **Some Objective Mediation for Shareholder/Board Disputes**

Some shareholders from HDFCs as well as market rate co-ops and condos complain to the New York State Department of Law about board decisions or inaction. However, the jurisdiction of the Attorney General's Real Estate Finance Bureau derives from the Martin Act (New York State General Business Law section 352 eeee) which prohibits the offering of a real estate interest without an appropriate disclosure. Therefore, the Bureau asserts that its jurisdiction is limited to initial offerings and amendments. It is my understanding that Bureau staff members sometimes make calls to inquire about a complainant's issue, but there is no funding or statutory authority for mediations between shareholders and boards. Cooperation between HPD and the Bureau would be helpful in order to expand funding and (and authority, if necessary).

7. **Amending Article 11 of the Private Housing Finance Law**

Article 11 of the Private Housing Finance Law was not really intended as statutory authority for limited equity co-ops, but it has been combined with the business corporation law to create New York's version of that ownership structure. Amendments to Article 11 to clarify HPD's authority to adopt regulations governing re-sale prices and other HDPC operational matters would be useful, as would amendments clarifying income and re-sale price limits in the statute itself.

Please contact me if I or my students can provide further information or assistance.

**THE NEW YORK CITY COUNCIL
COMMITTEE ON HOUSING AND BUILDINGS PUBLIC HEARING #T2017-5812**

TESTIMONY OF THE 551 WEST 157 STREET TENANTS ASSOCIATION

April 27, 2017

Ada Tejada

In 2001, the tenants association was approved by the Department of Housing Preservation and Development (H.P.D.) to become an owner of 551 West 157 Street through the Third Party Transfer Program (T.P.T.).

In 2001 H.P.D. recommended that a nonprofit organization temporarily administrated the building and to oversee renovation. The tenants interviewed the organization Urban Homeownership (U.H.O.) and entered into a transition agreement with them.

In 2002 we were relocated to different buildings around the city in order to get renovations completed. The renovations were completed in 2005.

In 2005 H.P.D. required the tenants to take management classes. A nonprofit organization was contracted by H.P.D. to provide management classes (UHAB).

In 2006 we attended a meeting at U.H.O. to discuss the next step to transfer the building. U.H.O. at that time said that they cannot transfer the building because they did not have the books in order. We needed to wait for them to put it in order. This took them 4 years.

In 2010 U.H.O. required that the rent needed to go up because we had a deficit, we went to H.P.D. and the rent was structured.

In 2014 the department of state of New York approved the certificate of incorporate. They also required that we retake management classes although we completed our training in October 2014.

In 2015 we needed to send the No Action Letter to H.P.D. and the sponsor U.H.O. took a long time to give the budget report. The No Action Letter is required in order for the building to convert.

In 2016 we needed to send the AG package to the Attorney General and U.H.O continued to take their time to complete the budget report.

As you can see H.P.D. and U.H.O. has been having us going around in circles.

In conclusion H.P.D. has always given preference to U.H.O. to take their time. In the mean time they are delaying the conversion process.

**THE NEW YORK CITY COUNCIL
COMMITTEE ON HOUSING AND BUILDINGS PUBLIC HEARING #T2017-5812**

TESTIMONY OF THE 503-505 WEST 140th STREET TENANTS ASSOCIATION

April 27, 2017

Edward Torres

In 2003 we joined the TIL Program with the promises that we would become co-op owners of our apartments. The offer included relocation services to other HPD building's while our building underwent a gut rehab. When we returned to our building the apartments would be renovated, and we would be offer the opportunity to become co-op owners of our apartments for \$250. In the agreement, UHAB promised to train us on building management and all tenants would be capable of becoming members of the board.

Until now, none of the above has materialized. The price of the Co-op has gone from \$250 as originally promised, to \$2,500. We did not receive anything in writing under The Freedom of Information Act to show us how these changes have been implemented. The lack of support from HPD and UHAB has resulted in an attempted hostile takeover of our building by the West Harlem Group. We reached out to PA'LANTE Harlem, with their assistance; we were able stop the hostile takeover. In addition, were able to get HPD to repair the roof that had been leaking for 5 years.

Moving forward, due to lack of repairs the hallways of our building are dilapidated; we were forced to do emergency repairs to staircases as a temporary solution that our Tenant Association cannot afford.

The info provided by HPD upon entering the TIL program it clearly states that we are able to rent vacant apartments and commercial spaces, however HPD has not complied. I was contacted by Patrice Mompoin, head of the compliance division for HPD TIL program, with news that we have fallen out of compliance for not receiving financial reports since December of 2015 for our building. I sent her an

email informing her that we did not receive the new financial report template on May 21st.

**THE NEW YORK CITY COUNCIL
COMMITTEE ON HOUSING AND BUILDINGS PUBLIC HEARING #T2017-5812**

TESTIMONY OF THE 102 EAST 98th STREET TENANTS ASSOCIATION

April 27, 2017

Evelyn Arroyo

In the early 90's Housing Preservation & Development (HPD) initiated a number of meetings in this neighborhood with an eye toward attracting tenants who were willing to self-manage their own buildings. HPD offered tenants a variety of programs that would ultimately result in renovated affordable rental housing. In fact, one of the key programs offered to us was the Tenant Interim Lease program (TIL), which would enable tenants to become owners of their apartments within five years.

As originally spelled out by HPD, under the TIL program tenants were required to self-manage their building for a period of five years. At the end of the five-year period, the building would be renovated. HPD promised us that once renovation was completed each tenant will be able to buy his or her own housing unit from HPD for \$250.

To date, our building has been self-managed under the HPD program for twenty years. Of course, at the time our building joined HPD, East Harlem was not as attractive to live in as it is today. Nevertheless, the tenants accepted the challenge and started managing the building. HPD required the tenants to take management classes given by the Urban Homesteading Assistance Board (UHAB). Unfortunately classes were overcrowded and not planned well.

The only experience tenants had with UHAB was attending its yearly election for HPD coordinators. What's more, during the first few years, the only assistance our building received from HPD was help with fuel cost—which is our biggest expense. Besides that, HPD has provided very little help with all other matters throughout the years.

Some years ago TIL personnel came to our building to survey the structure and take measurements as part of the first step in the renovation process. Believing that the building's renovation was finally on its way, three tenants packed their belongings and were poised to move to newly leased apartments across the street. Months went by without hearing from HPD that no one would be moving out. In spite of the fact that our building has been in the TIL program for twenty years, HPD has not resolved any of the matters that are preventing our building from advancing to the renovation stage. In fact, a while ago, our building's Tenants Association found out that tenants from other buildings had left their apartments prematurely and were never able to move back into their old apartments.

Consequently, tenants are now much more cautious about how HPD operates and what its plans for buildings in the program really are. Without giving us any notification, HPD has recently clustered a few buildings including our own into HPD's Affordable Neighborhood Cooperative Program (ANCP). None of the tenants agreed to this change. Our input was never requested. Again, questions linger. Why was the building placed in ANCP? After twenty years in TIL what does this change really mean? Until this day, tenants have never been informed about any of the particulars regarding ANCP.

Right now, our building is in need of major repairs. The only thing that HPD has told us is to go ahead and repair. However, if we move to repair at this time, we will exhaust all of our revenue. During the past twenty years, Tenants Association officers have never accepted any fees for managing the building. This is the only reason we've been able to save some revenue. Since the Tenants Association has clearly shown HPD that it can manage a building way passed the five-year period originally stipulated in the program, it is incumbent upon HPD to step up to the plate and assist us with repairs and honor the original contract given to us.

HPD needs to fulfill its responsibilities to us instead of transferring our building into a different program that we know nothing about. We remain baffled as to why HPD has not fulfilled its promises. HPD is fully staffed and well financed. So what's really going on at HPD?

**THE NEW YORK CITY COUNCIL
COMMITTEE ON HOUSING AND BUILDINGS PUBLIC HEARING #T2017-5812**

TESTIMONY OF THE 158 SOUTH 4th STREET TENANT ASSOCIATION

April 27, 2017

Marnie Montalvo

My name is Marnie Montalvo and I am part of the 158 South 4th Street Tenant Association, we have been in the TIL Program for over 18 years. We were relocated over 9 years ago, and were told our renovations would take only 2 years. It has been over 9 years now and we still have no idea on when we will be able to go back to our home.

Our belongings have been in storage for the last 9 years and we have never been given access to it. The city moved us because our building was shifting and was not good or stable place for us to live. HPD has not provided us with any updates! As a tenant assoc, every time we have a meeting with HPD, we ask for an update on the renovation and we are told there is no money, or that our building is small and they are focused on renovating bigger buildings with more units.

We have had meetings with Mr Luna in the beginning, then Vivian Louie and Adrice Miles. We have been put on probation for elections, and were told we were not in compliance. This in fact was not true since we held the elections in 100 Gold St, at which HPD had no paperwork. We had all according paperwork with us at the elections and had to resubmit it again, which in turn was removed, this situation happened twice.

Testimony prepared for the New York City Council Committee on Housing and Buildings

Public Hearing #T2017-5812

April 27, 2017

Barry Weinberg, Member, Housing, Zoning, and Land Use Committee, Manhattan Community Board 9

I am testifying today as a member of Manhattan Community Board 9's Housing, Zoning, and Land Use Committee in regards to the Tenant Interim Lease (TIL) program and Affordable Neighborhood Cooperative Program (ANCP) overseen by the Department of Housing Preservation and Development's Office of Asset Management.

I am concerned about the opportunities for corruption and conflicts of interest in the ANCP program. Unlike in the TIL program, where City money was being used to rehabilitate buildings, and thus received appropriate scrutiny and oversight from the Comptroller, City Council, and the rest of the City government, in ANCP, the City transfers the property to a third-party non-profit, which then takes out a large loan to pay for the rehabilitation of the building, manages the rehabilitation, and then if the tenants can afford the new \$2,500 price leaves the new HDFC owners to contend with the massive construction loan. This creates both waste in terms of fees to the third party, but also creates the opportunity for massive corruption in terms of inflated rehabilitation bills, kickbacks, and shoddy work being done by a construction firm and being overseen by a third party that are using borrowed money that will eventually be someone else's responsibility to pay off. It is a version of the home loan problems that plagued Wall Street in miniature.

In my role on the community board, I have come to work with a number of distressed Housing Development Fund Corporation Buildings (HDFCs), which are limited-income residential co-ops in which the city has sold foreclosed-on residential buildings to tenants. I have spent hundreds of hours working with distressed buildings who have suffered from a lack of oversight by their supervising agency under the State Private Housing Finance Law, in this case, HPD. They now owe back property taxes, water bills, and building code fines to the City.

New York State Private Housing Finance Law §32 "Supervision and regulation," gives HPD, as supervising agency, the broad authority to require records, audits, reports, investigations, and other actions of an HDFC, and, should they fail to comply, to replace the board of directors of an HDFC.

HPD, to my knowledge, has never taken these steps to help a building get back on the path of sustainable affordable homeownership. Instead, they appear to allow the buildings to deteriorate until the City can again foreclose on the buildings and this time transfer them not to low-income tenants but to private developers. This appears to be the path HPD is taking in the ANCP program as well.

It is clear that buildings emerging from the ANCP program with massive loans will not be financially sustainable for their low-income tenants-turned-shareholders. The ANCP program appears to be putting these buildings on the path to foreclosure and transfer to a private developer, and it must be stopped.

**THE NEW YORK CITY COUNCIL
COMMITTEE ON HOUSING AND BUILDINGS PUBLIC HEARING #T2017-5812**

TESTIMONY OF THE 615 WEST 150th STREET TENANTS ASSOCIATION

April 27, 2017

Luisa Rodriguez

615 West 150th Street entered the Tenant Interim Lease (TIL) program in 1996. At that time tenants were promised that if they could successfully manage their building for a number of years, HPD would rehabilitate the building and sell tenants their units for \$250.00 each. The expectation was that, given the interim nature of the program, once the Tenant Association (TA) proved they could efficiently manage the building they would acquire their units at the agreed upon price. Time passed...

In 2007, at a T.A. meeting with HPD's Victor Hernández (then TIL Program Director) and Rufus Harvey (then Building Coordinator), Mr. Hernández assured the building was scheduled for renovation in fiscal year 2008, meaning any time between July 1, 2007 and June 30, 2008.

Consistent with what Victor Hernández had said –that HPD had the budget to rehabilitate the building- HPD started the tenants' relocation process in 2008. That year, 15 families were relocated. Their belongings were placed in a storage facility paid by HPD, to which tenants had no access and did not know the location of the facility. Once, a question was asked about the location and HPD's answer was that tenants would have to retrieve all their belongings if they were to go to the facility. After we mentioned that issue on the 3/15/17 hearing about the 2018 budget at the City Council Housing Committee Room, I received a letter dated April 18, 2017 signed by A. A. Hendrickson informing the location of the storage facility and giving information on how to get access to it.

Out of the 15 families relocated in 2008, three were relocated to TIL buildings, nine are still living in HDFCs (it used to be 12, but two passed away and one was re-relocated to a TIL building in 2011.)

The relocated families pay their usual TIL rent to their TA, which then pays the host buildings. The rent at the HDFCs is 3-4 times higher than the TIL rent. The TA pays the HDFCs and gets reimbursed every two months by HPD the difference between the TIL rent and the HDFC rent.

The monthly payments to the host HDFCs for relocated tenants from 615 W. 150th Street currently amount to \$9,699.12, totaling \$116,389.44 per year. Up to March 2017, a total of \$1,133,863.24 has been paid to HDFCs in rent subsidies for relocated tenants, **only from this one building. There are other buildings where the same scenario exists.** (This amount -\$1,133,863.24 - does not include moving expenses and storage of tenants' belongings.)

After a long time, waiting for the fulfillment of HPD's promise, tenants were informed in 2012 that their building had been selected to become part of the **Affordable Neighborhood Cooperative Program (ANCP)**, which departs significantly from the original TIL program the tenants had signed for. Some of the changes include, but are not limited to:

- The unit selling price to the tenants is \$2,500.00 instead of \$250.00
- The building rehabilitation financing is not done with city/state funds; instead the building is transferred to a for profit/non profit organization who sponsors the building; a developer chosen by HPD would take a loan from a private institution to pay for construction expenses; HPD will also provide a loan for construction/rehabilitation and the building will end up having a 30 year mortgage, referred to as a "permanent mortgage."
- Vacant units will be sold by the developer at market price using a lottery system
- Maintenance/rent will be restructured and will be a lot higher, since now it will have to cover the amortization of the construction loans/mortgage
- HPD will hire a managing agent, their fee paid by the TA
- There is a mandatory increase of the maintenance/rent by 2% every year

The 615 West 150th Street TA does not agree with HPD's ANCP program, as it considers that it hinders the tenants' ability to purchase their unit and even in the event they could afford to purchase their unit at the new price, they consider they will be strategically evicted by not being able to sustain the maintenance/rent payment, even though HPD promises a Section 8 subsidy. Who can ascertain that

a Section 8 subsidy will be forthcoming, last for 30 years and absorb the mandatory 2% yearly increase?

HPD is not recognizing the sweat equity of the tenants who, when the city needed them to preserve the buildings and revitalize the community, at a time when no one wanted to put a foot in these neighborhoods, these tenants accepted the challenge of managing the building with the promise that their apartments would be sold to them for \$250.00. Tenants have had to sacrifice a lot, they have seen their buildings deteriorate, they have suffered comfort deprivation, tenants have been relocated to inadequate apartments, especially senior citizens in 4th/5th floors walkups with no elevators. I live on a 4th floor walk up HDPC and I have requested, since 2012 to be relocated to a lower floor or to a building that has an elevator, but HPD has been unable to locate a suitable unit within the TIL Program. Instead, I received a letter from HPD dated January 9, 2017 to apply for subsidized housing (project-based Section-8) in the private market, promising to issue a relocation agreement to return to my apartment. What the TAs need is to have their buildings rehabilitated, under the terms of the original agreement with HPD, using federal and city funds, and the shares of the to be formed corporation sold to the tenants, allowing the successful TAs to run the building the way they have been doing it for over 20 years.

HPD is behaving like one of the worst landlords, letting the buildings deteriorate, and causing the depletion of reserve accounts by not allowing the TA to rent the vacant apartments, which means a reduction in rent revenue while the aging building needs more repairs.

**THE NEW YORK CITY COUNCIL
COMMITTEE ON HOUSING AND BUILDINGS PUBLIC HEARING #T2017-5812**

TESTIMONY OF THE 79 POST AVENUE TENANTS ASSOCIATION

April 27, 2017

Rosa Rodriguez

My name is Rosa Rodriguez, I am the President of the 79 Post Avenue Tenant Association. We entered into the TIL program in 2004 for the agreed cost of \$250.00 and were set to begin TIL training.

We were told by the HPD that we would be relocated and renovations would begin on our building within the two years from integrating into the TIL Program in 2004, none of which occurred. The plan was to renovate the entire building and apartments for mold and destruction. Despite the promise of renovations, we have continued to do our own repairs in order to maintain the functionality of the building.

On November 2016, Mr. A Milers (TIL, building Coordinator) met with our tenants to inform us that we were ready to be relocated and to stop all repairs that we had scheduled for our building.

January of 2017, we receive a letter from Ms. Christine Uretzlaff O'Connell – Director (ANCP) informing us that our building was selected for the participation in HPD's ANCP, with a date for an appointment to attend the kickoff meeting on February 22, 2017 @ the NMIC's Office.

On February 22, 2017, we were presented with the new program agenda by Christine Uretzlaff, HPD, Ydanis Rodriguez HDP, HDFC, and a group of developer/Sponsors NMIC. At this time, we were notified that we would be relocated in two and half years. We can provide all documents to support the above statement.

Here is the list of officials that we dealt with and/or seen during our time entering the TIL program:

Building Coordinators:

Andrew Miles, Xiomara Mena, Rosario Veras,

Ydanis Rodriguez – NYC Council (current)

Miguel Martinez - NYC City council 2004

Victor Hernandez, R Echavarria, Rene Martinez - HPD/TIL

H Missak, Cristina Correa, Ana Inigo, B Miller.- Finance

**THE NEW YORK CITY COUNCIL
COMMITTEE ON HOUSING AND BUILDINGS PUBLIC HEARING #T2017-5812**

TESTIMONY OF THE 12-14 OLD BROADWAY TENANTS ASSOCIATION

April 27, 2017

Mayra Villacis

Mi nombre es Mayra Villacis, vivo en 12-14 Old Broadway. Nuestro edificio entró en el programa TIL en el 2002. Han pasado aproximadamente 16 años desde que hemos seguido el programa y sus acuerdos, esperando que nuestro sueño de convertirnos en propietarios de nuestros apartamentos algún día se haga realidad, en un edificio renovado que se encuentre en condiciones habitables.

HPD nos ha prometido una cantidad enorme de cosas hasta ahora, y seguimos quedando en manos de esas promesas incumplidas. Cada vez que tenemos una reunión con HPD, dicen que nuestro edificio está satisfaciendo todos los requerimientos del programa. Esto incluye informes financieros mensuales, reparaciones de apartamentos, reuniones mensuales y entrenamientos.

Estamos cansados de escuchar las mismas viejas promesas que HPD no cumple. El programa HPD se retrasa constantemente debido al cambio de directores anualmente. Me parece que quieren que el dinero de la cuenta bancaria disminuya constantemente, y no sabemos su propósito detrás de eso. HPD siempre nos amenaza con decir que el programa TIL terminará si no cumplimos con sus requisitos, si no, nos veremos forzados a cambiar de programa. Sin embargo, los mismos privilegios que tenemos actualmente, así como las promesas que se han dejado sin cumplir, se perderán después de tantos años de espera. Lo que necesitamos ahora es que HPD cumpla sus promesas, y no sólo a través de palabras, sino tomando acción.

Translation prepared by PA'LANTE Harlem

My name is Mayra Villacis, I live at 12-14 Old Broadway. Our building entered the TIL program in 2002. It has been approximately 16 years since we have followed the program and its agreements, hoping that our dream of becoming owners of our apartments will someday be fulfilled, in a renovated building that is in living conditions.

HPD has promised us a huge amount of things so far, and we are still left with those incomplete promises. Each time we have a meeting with HPD, they say our building is meeting all the requirements of the program. This includes monthly financial reports, apartment repairs, monthly meetings, and trainings.

We are tired of hearing the same old promises that HPD does not deliver. The HPD program is constantly delayed due to the change of directors annually. I find that they want the money from the bank account to decrease steadily, and we do not know their purpose behind that. HPD always threatens us with saying that the TIL program will end if we do not meet its requirements; otherwise we will be forced to change programs. However, the same privileges we currently have, as well as the promises that have been left unfulfilled, will be lost after so many years of waiting. What we need now is for HPD to keep its promises, and not just through words, but by taking action.

FOR THE RECORD

FOR THE RECORD

**THE NEW YORK CITY COUNCIL
COMMITTEE ON HOUSING AND BUILDINGS PUBLIC HEARING #T2017-5812**

TESTIMONY OF THE 138 WEST 117 STREET TENANTS ASSOCIATION

April 27, 2017

Clarence Parker Jr.

I moved into the building in 1983 as the superintendent – we entered into the TIL program in 2000. We were told we would have to go to 100 Gold Street, sign a contract of agreement for TIL to become a tenants association. We were to have monthly meetings and do financial reports, and provide maintenance in order to comply with the rules and regulations of TIL, which changed every 2-3 years. It would take 3-5 years to be relocated and moved back into the building. In 2003, HPD brought moving supplies and tape... and we were told that we had to prepare to move within 3 months and that renovations would begin within 2-3 years.

Free storage was to be provided for all occupants. The tenants were to prepare to be displaced for the duration of the rehabilitation of the building and the tenants would be relocated to another location in Manhattan and/or Bronx. None of the tenants were relocated but we did receive other relocated tenants from other buildings in the TIL.

Capital improvement program made repairs from roof to the basement. Tenant Association had to pay the homeowners association for scaffolding due to inconveniencing them by the scaffolding on the street. Windows were replaced with double paned glass. The building has an issue with the stability, building bricks not weather proofed, middle of building is starting to settle (sagging). We still have a rodent infestation due to lack of funds to maintain a monthly exterminator. Because of 136 W 117 – Building was torn down at this address years ago, a driveway was put in its place. 18 inches of this space is for our

building – with that being said, water is now going into oil tank due to them drilling a hole and attempting to secure their fence to the driveway.

There are sink holes in the basement from HPD fixing sewer lines in the basement because they didn't properly fill in the repaired space causing sinkholes. We still have no news or updates at the last meeting at the Jack Dempsy Center. There have been new rules put in place which focus on compliance with financial reports, paperwork for non-payment of rent, keeping repair records (non-urgency and emergency).

I have all documentation upon request.

HPD Officials:

Building coordinator – Ms. H Lindo, Jose Mindez,

Yvette Philips –sent to check out a vacant apartment

Current coordinator: Ms. Michellene Hanks-Bush

FOR THE RECORD

FOR THE RECORD

THE NEW YORK CITY COUNCIL
COMMITTEE ON HOUSING AND BUILDINGS PUBLIC HEARING #T2017-5812

TESTIMONY OF THE 161 WEST 140th STREET TENANTS ASSOCIATION

April 27, 2017

FOR THE RECORD

FOR THE RECORD

Radiah Small

My name is Radiah Small. I was originally a tenant of 1171 Clay Avenue in the Bronx. I lived there for 10 years. Until on 11/12/13, I and my 5 children were burned out. By a fire started by relocated tenants that HPD forced us to host as tenants even though we opposed it. I then had to go to a shelter in Harlem for 5 months while a new apartment was ready for me. HPD was unsympathetic, they were the second group at the scene the next day after the developer was there first. No one's belongings were replaced. They also refused to repair the damages. Which were mostly water and cosmetic damages. After everyone was forced to move out they immediately sold the building to a developer.

I now reside in 161 West 140th Street in Manhattan. I'm on the Board and serve as the Secretary. Since becoming a tenant there in April 26, 2014 I have had experienced living in substandard and deplorable conditions. Within the first eight months I had a bedbug infestation, which is throughout the building. HPD was aware and did not let the tenants from my old building know prior to our moving in nor did they exterminate. I've had a rodent problem throughout the 3 years that I've lived in the building constant mold and leaks from the roof.

Most recently in October we were without heat and hot water for over 3 weeks. HPD did not step in until the tenants reached out to PA'LANTE Harlem to advocate for us. However the boiler has still not been replaced and is over 30 years old.

The building was originally in the TIL program in the late 70's they then re-entered the program in 1997. We are still waiting for renovation. The worst part of it is that tenants are intimidated by HPD to organize or join the coalition due to fear of not being renovated or even having the building sold to a developer.

We ask that the elected officials take another look at the program and give the remaining buildings a date for renovation and a promise for tenants to return in a reasonable length of time. At a fair price and be allowed to buy their apartment at the original agreed upon price of \$250 without a 30 year mortgage.

**THE NEW YORK CITY COUNCIL
COMMITTEE ON HOUSING AND BUILDINGS PUBLIC HEARING #T2017-5812**

TESTIMONY OF THE 1508 AMSTERDAM AVENUE TENANTS ASSOCIATION

April 27, 2017

Juan Lara

Mi nombre es Juan Lara, del 1508 Amsterdam Avenue. Nosotros entramos al programa TIL en el 1998.

En el año 2008 nos mudaron para que HPD pudiera comenzar la rehabilitación del edificio y regresamos en el 2010.

Ya estamos en el 2017 y todavía estamos esperando terminar el proceso para finalmente hacernos dueños de nuestros apartamentos.

En septiembre del 2016 nos dijeron que ya todo estaba listo para firmar los documentos. Eso nunca sucedió. Ahora, en la última reunión que tuvimos con HPD este año, unos mese atrás nos dijeron que íbamos a firmar este año, pero no sabemos en cuál mes.

Necesitamos que se nos informe por escrito en cuál mes, exactamente, es que esto va a suceder. Estamos cansados ya de que se nos digan tantas mentiras.

Translation prepared by PA'LANTE Harlem

My name is Juan Lara, of 1508 Amsterdam Avenue. We entered the TIL program in 1998.

In the year 2008 we were relocated so that HPD could start the rehabilitation of the building. We returned in 2010.

We are already in 2017 and we are still waiting to finish the process to finally become owners of our apartments.

In September of 2016 we were told that everything was ready to sign the documents. That never happened. Now, in the last meeting we had with HPD this year, a few months ago, we were told that we were going to sign this year but we do not know in what month.

We need to be informed in writing on what month exactly is that this is going to happen. We are tired of being told so many lies.

TESTIMONY OF THE 48-50 CONVENT STREET TENANTS ASSOCIATION

April 27, 2017

Miguel Zapata

As a former leader of the Tenant Association I would like to point out that our two buildings 48-50 have now been combined into one building. I have resided at my apartment at this address since 1986. Our Tenant Association is greatly fractured due to the dwindling number of tenants. For Example in building 48, of the 20 apartments only 8 people are living in the entire building; in apartment building 50, 9 people remain. Out of this number only 5 people currently support and are active in the tenants association.

The HPD has tried many tactics to empty our building as quickly as possible. HPD put a policy in place without the tenants knowledge that if the rent was not paid on the first day of every month and the first day only, their rent would not be accepted, under any circumstances thus placing them in arrears in their rent when in fact HPD simply would not accept their money.

HPD has made no effort to conceal the fact they wish to take over this property. They first moved to merely monitoring the Tenant Association bank account every month. Now starting a year ago they successfully blocked the account to where the tenants no longer have access to their own bank account at all.

HPD has also changed paperwork the building needed to keep it updated for their files by either changing type of paperwork or when it was due. This tactic is a constant, but I kept it in good standing by:

(A) Always paying rent on time and helping as many of my fellow tenants as I could to stay informed.

(B) When my apartment needed maintenance, I undertook the work myself and kept HPD notified stating I fixed the apartment myself.

(C) I kept aware of all letters/ correspondence HPD needed, and promptly filled them out along with how they demanded to be filed.

(D) I provided HPD with a good accounting of my building which they received for their records.

FOR THE RECORD

FOR THE RECORD

**THE NEW YORK CITY COUNCIL
COMMITTEE ON HOUSING AND BUILDINGS PUBLIC HEARING #T2017-5812**

TESTIMONY OF THE 161 WEST 108th STREET TENANTS ASSOCIATION

April 27, 2017

Rafael Padron

The building entered into the TIL program in 1968. The rent revenues are roughly \$2,820 a month. Building maintenance and expenses range up to \$2,500 a month. This is to emphasize that rents collected cannot sustain the building due to the maintenance and repair costs.

There are two vacation apartments that are not allowed to rent under the current scope. These apartments are to be used as collateral to pay off the bank loans once the building is renovated. As a result we have not collected any revenue on these empty apartments for the past five consecutive years. We have requested permission for a legal contract to be drawn up under "Use and Occupancy", whereby the renters will have no rights to the apartment once the building undergoes renovations. To this date, no one has responded to our request and it has fallen on deaf ears.

Additionally, we have a commercial space that has been vacant for the past 3-4 years. The problem with this space is that the city only allows a month to-month lease, which any potential renter would not deem feasible. Here is an example of this: Dunkin Donuts Franchise. This franchise was requiring a 5 year lease.

They would have paid for all of the renovations;

- A \$50,000 signing bonus to the building;
- \$5,000 monthly rent
- A 10% rent increase every 5 years

HPD refused acceptance of this offer. The letter of intent is available upon request.

June of 2008, the building applied for Unemployment and Liability Insurance as instructed by the UHAB. We complied and sent the applications with money orders, all of which was returned without explanation as to why they were not accepted. The Tenants Association informed Mr. Crespo, liaison from UHAB for our building and was advised that he would look further into the matter. We continued to inquire regarding updates on the above statement, with no response.

In 2015 the TA was notified by HPD and UHAB that NY State has levied a \$300k fine for not having said insurance. This was negotiated down to \$60K plus interest by Mr. Lugo from HPD and Mr. Crespo from UHAB. The TA had to pay this fine or the state would confiscate the building. We were forced to pay \$10K upfront and an additional \$1,080 per month until the fine was paid in full.

The response to the TA was that in the event we did not have enough funds, we would be renters and not owners, defeating the purpose of being a part of the TIL program. Lastly, the previous commercial space owner cost us thousands of dollars in legal fees and left owning the building \$20K in rent arrears which the city did not pursue.



FOR THE RECORD

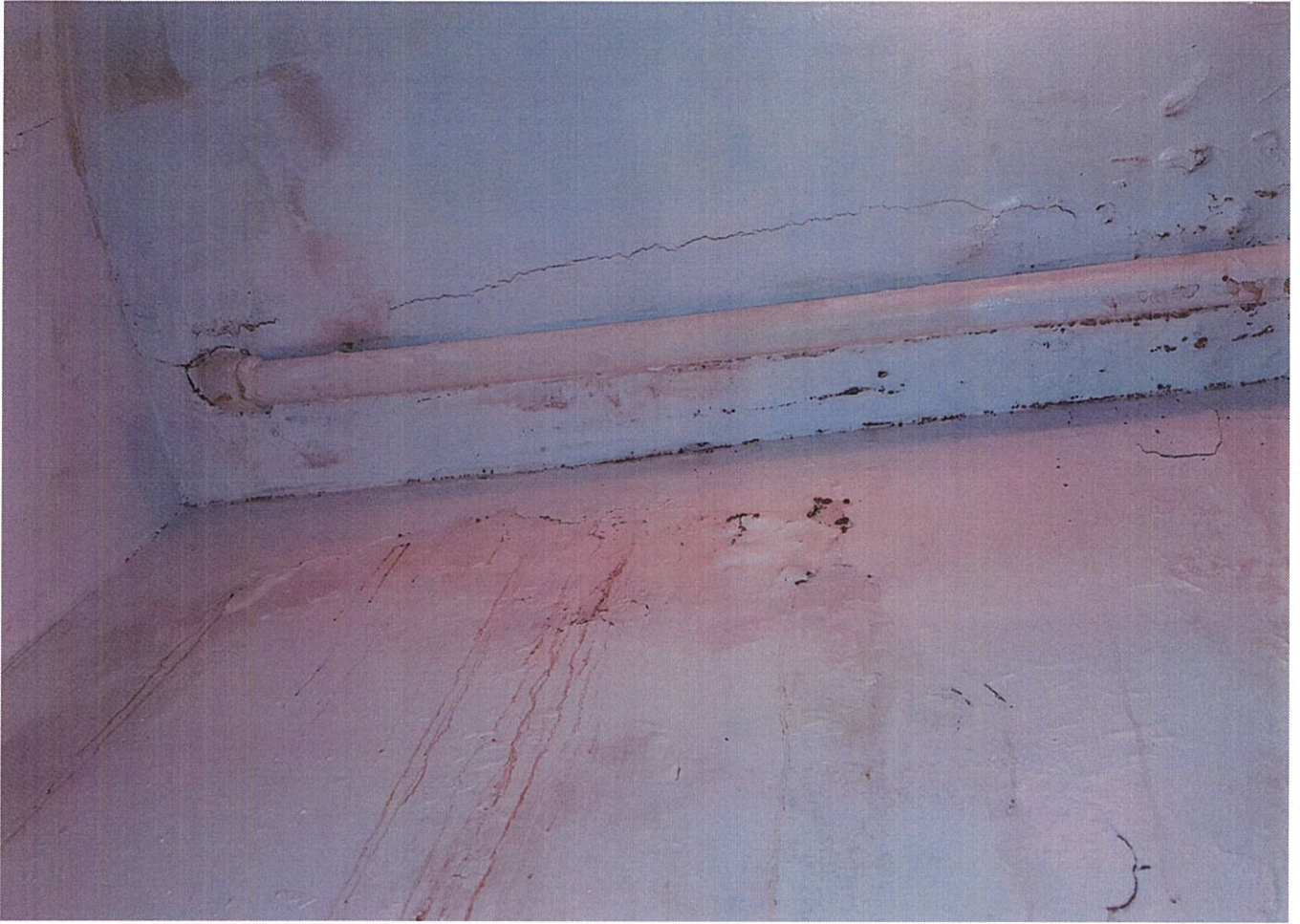


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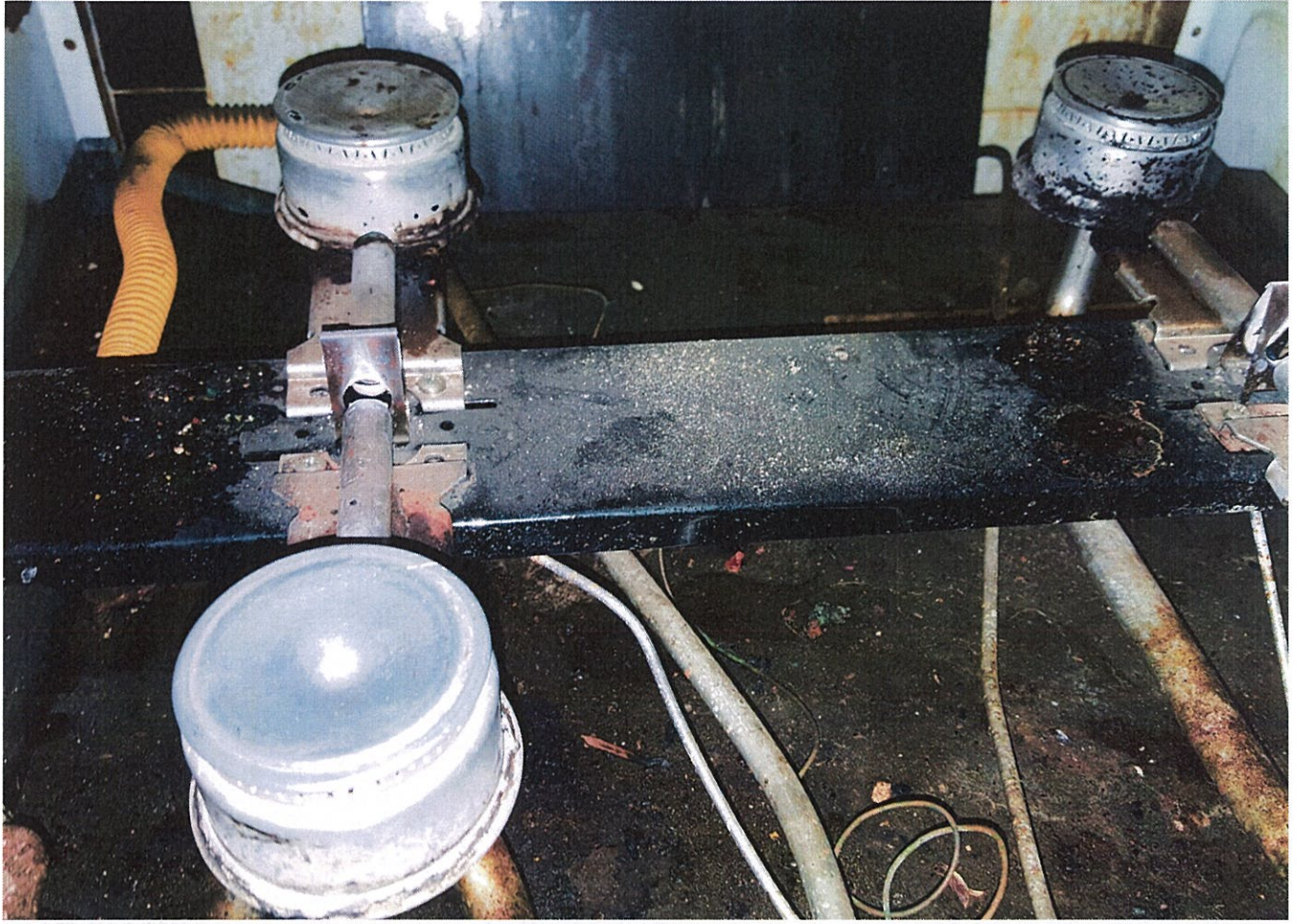
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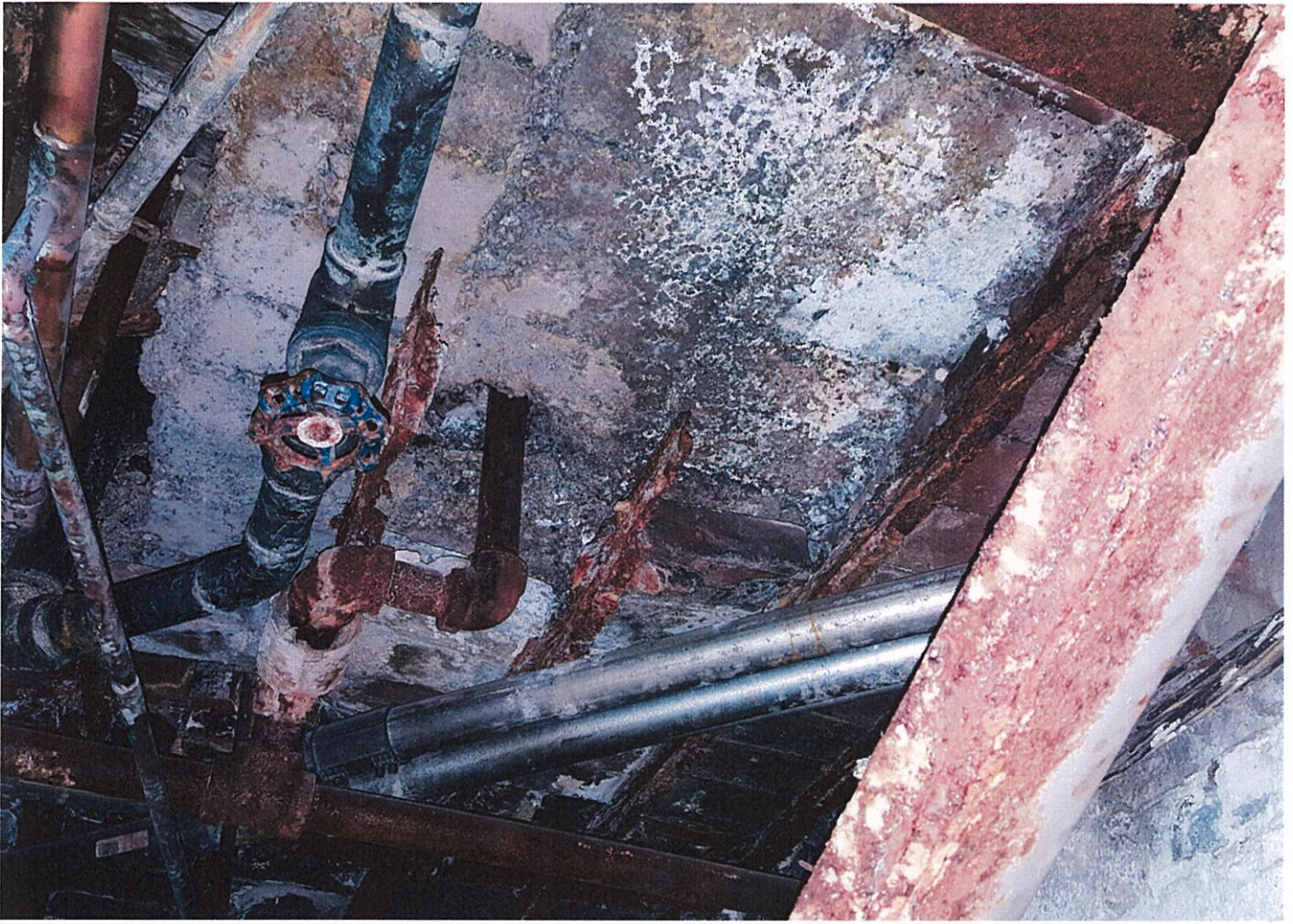
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'The City Is The Slumlord' In Harlem Building With Bed Bugs, Rats & Black Mold

by [Joseph Jaafari](#) in [News](#) on Dec 5, 2016 10:50 am

162
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Hilton Collins, the super at 161 West 141st Street, walks through one of the apartments that has been ravaged by water and mold. (Joseph Jaafari/Gothamist)

The floorboards of the apartments at 161 West 140th Street cracked below my feet and I was told many times to watch my step because they were considered unstable. A few more steps in and I was hit with the smell of black mold. It was everywhere, dark splotches caked on the walls and spread up to the ceiling, sending vein-like patterns criss-crossed throughout the apartment.

"It's like deadly art," said Elsie Vasquez, executive director of PA'LANTE Harlem, a housing rights organization, as we toured the building, which is home to about 100 tenants.

A few doors down, a family of six is living. Like the other tenants here at 161 West 140th Street, they've had to endure the mold, infestations of rats and bedbugs, and, at times, no heat.

This sounds like another story of a New York slumlord. But it isn't. This building isn't owned by a rapacious developer, but by the city. It was purchased by the Department of Finance in 1978 after its owner fell into arrears on property taxes. The department bought up more than 100,000 such buildings in the late 1970s and early '80s as part of the [Tenant Interim Lease \[TIL\]](#) program, which sought to give low-income tenants the opportunity to collectively own their buildings. Under the program, tenants in a building would form a tenants' association, which would collect rent and spend money on basic upkeep. After a period of two years, the building would become a cooperative, and tenants who put down \$250 would become shareholders.

The program is still in operation, although the down payment requirement was increased in recent years to \$2,500, and those who buy in now must also pay a share of back taxes owed.

Tenants at 161 have dreamed of owning their building for decades. But while they have put more than 30 years of sweat equity into the building, they say, they have been unable to take ownership of it. Their building is one of [dozens of TIL buildings](#) that the city has yet to turn over to the original tenants, long after the designated two year vesting period has come and gone.

It's unclear why the city hasn't handed over the keys to 161 and the Department of Preservation, and Housing Development would not offer an answer on when the building might be turned over.

Meanwhile, the building is emptying out. HPD does not allow TIL associations to rent out empty apartments, so as tenants move or pass away, their units go unfilled.

At 161 West 140th Street, 22 out of 62 units are currently vacant. These empty apartments represent thousands of dollars of lost income for the building each month. That's money that could be spent on essential repairs.



Mold covers the wall of a vacant apartment. (Joseph Jaafari/Gothamist)

Shanell Carter and her son moved in with Carter's grandmother at 161 in 2014, after a fire destroyed their apartment in the Bronx. She said that in January 2015, the boiler gave out and left residents in the cold. "We were without heat for nearly a month," she said.

Carter walked me through her apartment, pointing to piles of rat droppings and commercial-sized bags of the bed bug insecticide she has smeared on her bedroom walls.

"Every time we want to do something, we have to get clearance from HPD... but we end up having to pay for things ourselves," she told me, adding that she's had to pay out of pocket to treat the infestations—a cost that would normally be borne by the landlord.

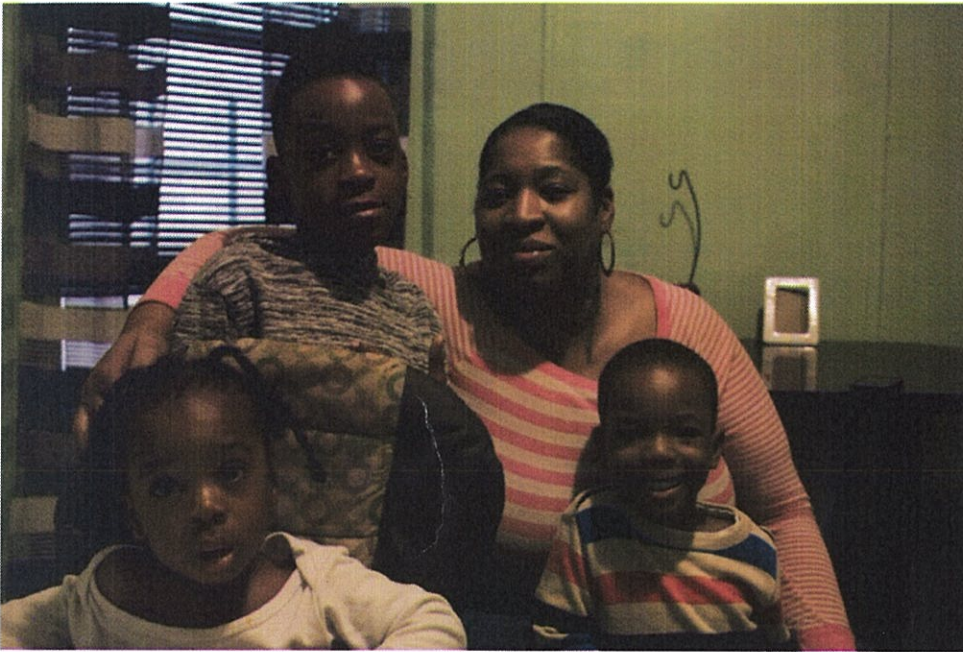
Residents blame a leaky roof for the proliferation of black mold, which is associated with a host of respiratory issues.

Rahdia Small, a mother of four and a tenant at 161, said that the cost of renovations, mold abatement, and a new boiler would run into the hundreds of thousands of dollars for the building. In a converted TIL building, the city would cover these and other capital improvement costs. But in this current state of limbo, the tenants are on their own. Recently, tenants told me, the boiler broke again, forcing them to go without hot water or heat for almost two weeks.

An HPD spokesperson told Gothamist the agency is aware of the mold problem and the leaky roof, and that these issues are being addressed.

"HPD's priority is resident safety," she said. "Repairs are being made to occupied apartments and vacant apartments alike." The spokesperson said HPD will fund "extensive repairs" that cannot be covered by the income currently being collected by the tenants' association.

In Small's apartment, just like Carter's two floors up, the mold has begun spreading into her kitchen next to the steam pipe. "I'm legitimately worried for my kids," she said. "I just took them to the doctor and they are fine, thank God. But I'm still worried."



Tenant Rahdia Small worries about her children's exposure to black mold. (Joseph Jaafari/Gothamist)

New York City law [requires landlords](#) to provide a livable home, which means they are responsible for repairs of structural damage, rodent and bed bug extermination, and remediation of hazardous living conditions in public areas. By participating in the TIL program, tenants have essentially given up this right.

Carter showed me receipts showing thousands of dollars of expenses related to fixing up her apartment. But without a job and now living on a fixed income, she said, she can no longer afford the repairs needed to keep the rodents from running around her room at night.

"I have bill collectors calling me now, and I don't know what to do," she said.

And like most of her neighbors, she does not have anywhere else to go. Rents in the area are nearly twice or three times that of what most of these tenants are paying, which ranges from \$400 to \$700 a month.

"These people are being institutionalized by the city," said Vasquez. "Here, the city is a slumlord."

Joseph Jaafari is a freelance reporter and filmmaker based out of Brooklyn. His work can be seen in The Atlantic, VICE, and the Philadelphia Inquirer. He is on [Twitter](#).

Contact the [author](#) of this article or email tips@gothamist.com with further questions, comments or tips.

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Tenants Face 'Life Threatening' Conditions at City-Owned Building, They Say

By Dartunorro Clark ([/www.dnainfo.com/new-york/about-us/our-team/editorial-team/dartunorro-clark](http://www.dnainfo.com/new-york/about-us/our-team/editorial-team/dartunorro-clark)) | October 25, 2016 5:12pm

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In vacant apartments residents say mold is "rampant" and that the basement is in disrepair.


[▲ View Full Caption](#)

DNainfo/Dartunorro Clark

HARLEM – For the past month or so, 81-year-old Beatrice Hunter has woken each morning in her drafty Central Harlem home and boiled water.

With temperatures beginning to drop, Hunter says she needs the water to bathe since her city-owned apartment building at on West 140th Street has been without heat and hot water due to a broken boiler.

“I can’t even tell you when I’ve been in my bathtub,” she said.

Hunter's story is among those of more than 90 tenants who live in the building, which is currently in the pipeline to become a part of the city's  (/www.dnainfo.com/new-york/) NEW YORK
Housing Development Fund Corporation, a program designed to give low-income tenants an opportunity for home ownership.



Dartunorro Clark · DNAinfo Reporter

What do you think about the conditions of the building?

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For months — and in some cases years — residents at the city-owned apartment building say they've faced “life-threatening” living conditions due to lack of inspections and repairs by the city.

They include “rampant mold,” mice, bed bugs, no heat or hot water.

The city's Department of Housing Preservation and Development, which oversees the building, provided 70 sleeping bags to the tenants in the building, which many thought was offensive and insensitive.

Hunter, who suffers from arthritis and shingles, said she has had to get down on her hands and knees to plug mouse and rat holes.

“This is shameful,” Hunter said. “I don't think I'm supposed to live like this.”

Jean Hockaday-Leslie, 70, who's home-bound and disabled, uses her oven to heat her apartment and has family members help boil water.

The city, residents said, has not heeded their concerns to replace the boiler, but instead carry out small repairs that cause it function infrequently.

“This is criminal,” said Elsia Vasquez, the founder of tenant advocacy group Pa'Lante (<http://www.palanteharlem.org/>).

Vasquez said the city is yet another “slumlord” for letting the conditions of the building persist.

Pa'Lante (<http://www.palanteharlem.org/>) helped to organize tenants and held a rally Tuesday to call on the city to correct the issues.

Manhattan Assemblyman Keith Wright, who attended the rally, called the conditions “deplorable.”

A tour of the building led by some of the residents showed the basement in disrepair, with one pipe tied together with an extension cord and makeshift wooden beams.

Other areas show what residents said were incomplete maintenance projects and a vacant apartment rampant with mold spores that have found their way into the occupied apartments of tenants with asthma and other health issues.

The building is slated to become one of 1,200 buildings with more than 30,000 HDFC units across the city, with many in neighborhoods such as Harlem and the Lower East Side.

An estimated 27 percent of HDFCs are in poor shape physically or financially, according to city data.

There are 18 vacant units in the 72-unit building on West 140th Street. Residents say the city has not allowed them to be renovated and occupied, which could provide revenue for additional maintenance.

An HPD spokeswoman, in a statement, said, “HPD takes the health and safety of tenants very seriously and is actively working to address the issues at this building.”

The agency also said it is in the process of repairing the boiler and expects it to be fixed by the end of the week.



(//www.dnainfo.com/new-york/) NEW YORK

Vasquez, the head of Pa'Lante (<http://www.palanteharlem.org/>), said if necessary the organization will help the tenants take the city to court to repair the building.

Have something to say about this story? Voice your opinion on Neighborhood Square.



JOIN THE CONVERSATION →

(https://neighborhoodsquare.com/n/item/4rd5?utm_campaign=Central+Harlem&utm_medium=integration_partner&utm_source=dnainfo&utm_content=dclark%40dnainfo.com&prompt=bottom&node_id=764067)



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WEST HARLEM » ([HTTPS://WWW.DNAINFO.COM/NEW-YORK/MANHATTAN/HARLEM](https://www.dnainfo.com/new-york/manhattan/harlem))

Famed Architect George Ranalli Ditches Chelsea for Harlem (<https://www.dnainfo.com/new-york/20141113/west-harlem/famed-architect-george-ranalli-ditches-chelsea-for-harlem>)

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No Charges in Greenpoint Rape Claim Due to Victim 'Inconsistencies': NYPD (<https://www.dnainfo.com/new-york/20170425/greenpoint/greepoint-rape-charges-victim-inconsistencies-nypd>)

YORKVILLE » ([HTTPS://WWW.DNAINFO.COM/NEW-YORK/MANHATTAN/UPPER-EAST-SIDE-ROOSEVELT-ISLAND](https://www.dnainfo.com/new-york/manhattan/upper-east-side-roosevelt-island))

Beloved Deli Owner Killed by Cab While Crossing Deadly Intersection: NYPD (<https://www.dnainfo.com/new-york/20170424/yorkville/deli-worker-struck-killed-taxi-yellow-cab-york-avenue-78th-street>)



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City's Plan to Rezone East Harlem Begins

By Dartunorro Clark ([//www.dnainfo.com/new-york/about-us/our-team/editorial-team/dartunorro-clark](https://www.dnainfo.com/new-york/about-us/our-team/editorial-team/dartunorro-clark)) | April 25, 2017 3:37pm

@DartDClark (<http://twitter.com/DartDClark>)



City's \$1M rent blunder

In a 'fix' over delay

By MICHAEL GARTLAND

The city has spent more than \$1 million subsidizing the rents of a dozen tenants it forced from a century-old Harlem building it promised to renovate in 2008.

But after nine years of bureaucratic bungling, the work on the city-owned building hasn't even begun.

The city's Department of Housing Preservation and Development had promised the residents of 615 W. 150th St. that the renovations would only take two years.

"It's ridiculous," said one displaced tenant, Juan Erazo, 65. "They lied."

Under a 1996 Tenant Interim Lease (TIL) Program deal with the city, residents were supposed to be able to buy their units for \$250 once renovations were done.

The decades-old program was designed to keep city-owned buildings occupied. But today, amid what Mayor de Blasio calls an affordable-housing crisis, the 12 evacuated units are still empty.

"They don't want us to be the owners of our apartments," said Erazo, who was moved four blocks to Convent Avenue. "They want to sell the apartments."

Erazo and tenants in 11 other units were moved to smaller apartments and their possessions put in storage.

They say they are now stranded in units where they pay the same for less space, with the city covering the difference between their old and new rents.

The city claims that it still intends to offer ownership but that it will cost residents \$2,500 per unit and

would fall under the Affordable Neighborhood Cooperative Program, which relies on private financing.

A city official blamed the budgetary constraints of TIL Program for the delay, which has cost the city at least \$1.1 million in rent subsidies, not including moving and storage costs.

Rent for tenant Luisa Rodriguez's Convent Avenue apartment is \$1,522 a month, but she pays the \$442 she did in 2008 at West 150th Street, with the city covering the remainder, records show.

Of the at least 12 former West 150th Street tenants now living at the Convent Avenue site or others, all have rents of more than \$1,000 a month, but some actually pay less than \$200.

Rodriguez, 75, misses her old building, which had an elevator, unlike the Convent Avenue walkup where she lives on the fourth floor.

She also misses the family photos and furniture stuck in storage. She says HPD won't tell her where her stuff is or let her access it unless she agrees to remove it all.

"I just want to go back to my building and get my things," she said.

A city official said Thursday its storage service "only allows for move-in and move-out capabilities."

But HPD spokeswoman Juliet Picre-Antoine said tenants are allowed to access their stored property as renovations get under way.

"We ... are doing everything possible to speed up the pipeline through new programs and financing," she said.

mgartland@nypost.com

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: _____

Address: Margaret

I represent: _____

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: NELSON RODRIGUEZ

Address: 79 POSTAU APT 21-10 D 34 NY

I represent: _____

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Nadine Young

Address: 615 W 152 St

I represent: _____

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: _____

Name: Vitkilio (PLEASE PRINT) PIC HARDO

Address: ~~522 W~~ 508 W 134th St

I represent: 508 W 134th tenant LLC

Address: 508 W 134th St N.Y.C.

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: 4/27/2017

Name: Sarah Mallory (PLEASE PRINT)

Address: 444 110th St Apt 1 Brooklyn, NY 11215

I represent: HPD

Address: 100 Gold

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: 4/27

Name: Barry Weinberg (PLEASE PRINT)

Address: 604 Riverside Dr, #20 NY, NY 10031

I represent: _____

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: _____

(PLEASE PRINT)
Name: ELSIA VASQUEZ

Address: _____

I represent: PALANTE HARLEM

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: _____

(PLEASE PRINT)
Name: MAYRA VILLALBA

Address: 12-11 025 Broadway AD#2

I represent: New York N.Y. 10025

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: _____

(PLEASE PRINT)
Name: Luisa Rodriguez

Address: 484 Convent Ave. #41 (65 W 150th St)

I represent: 65 W 150th St. TA

Address: Same

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: _____

Name: Gabe Brewer (PLEASE PRINT)

Address: Manhattan Borough President

I represent: _____

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: _____

Name: ^① Shirley Hughes ^② Radiana Small, ^③ Joyce Martin (PLEASE PRINT)

Address: 161 West 140th Street

I represent: 161 West 140th Street

Address: 161 West 140th Street

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: 4/27/17

Name: Jason Wu (The Legal Aid Society) (PLEASE PRINT)

Address: 230 E 106th Street, New York, NY 10029

I represent: The Legal Aid Society

Address: 230 E 106th Street

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Jesse Jess Diaz

Address: 503 W 140 ST APT 18

I represent: TA 503 W 140

Address: 503 W 140 ST

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 4.27.2017

(PLEASE PRINT)

Name: Barbara Martin Diaz

Address: 503 W 140 ST #APT 18

I represent: TA 503 W 140

Address: 503 W 140 ST TA

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Loteefah Jones

Address: 407 West 105 Street

I represent: _____

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Ada Tedada

Address: 551 W 157 ST

I represent: STA

Address: 551 W 157 ST

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: MARTIN NORTHON

Address: 615 W 150 ST #37 NYC 10037

I represent: _____

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: ROSEMARY ANNA RILEY

Address: 615 W 150 ST #38 58

I represent: _____

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: GRISelda MARTe

Address: 615 W 150th St #38

I represent: _____

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Patricia Jewett

Address: 1890 Andrews Ave apt 3F

I represent: P.A. L.A.N.T.E. Harlem

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Wendell Foster

Address: 615 W. 150th St. Apt 22, NYC 10031

I represent: _____

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

[]

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Arlene Toso

Address: 102 E. 98 St #3-W

I represent: TLC TENANTS ASSOC.

Address: 102 E. 98 St.

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

[]

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: D-C Anne-Marie Hendrickson

Address: HPD

I represent: _____

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

[]

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Associate Feminist Inc Kim Dargatzis

Address: HPD W. 107 St Apt 22 NYC 10031

I represent: _____

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: _____

(PLEASE PRINT)

Name: ANGELA LOPEZ

Address: 551 W 157 ST

I represent: 551 W 157 ST

Address: _____

Please complete **THE COUNCIL** *Sergeant-at-Arms*
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Assistant Commissioner Lisa Talma

Address: HPD

I represent: _____

Address: _____

Please complete **THE COUNCIL** *Sergeant-at-Arms*
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Francesca Marti, Assistant Commissioner

Address: HPD

I represent: _____

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 4/27/2017

(PLEASE PRINT)

Name: Gale A. Brewer, Manhattan Borough President

Address: 1 Centre St 19th Fl. NY NY 10007

I represent: MBP Brewer

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: April 27, 2017

(PLEASE PRINT)

Name: Norman Siegel

Address: 200 Madison Avenue

I represent: _____

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 4/27/17

(PLEASE PRINT)

Name: Russell Fowler

Address: 161 W. 140th ST #70

I represent: 161 W. 140th ST. Tenants ASSOC.

Address: 161 W 140th ST #2

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

[]

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 27/4/17

(PLEASE PRINT)

Name: Manuel Fajit

Address: 503 West 140 St. #14-C

I represent: _____

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

[]

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 4-27-17

(PLEASE PRINT)

Name: Carroll Burroughs

Address: 938 St. Nicholas Ave

I represent: Palante / 736-38 Cliffport

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

[]

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Rich Ha [unclear] (powered Rich Ha)

Address: _____

I represent: Public Advocate Detina Jones

Address: 1 Centre St.

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 4/27/17

(PLEASE PRINT)

Name: Devon Rivers

Address: 161 West 140th Street NY, NY

I represent: PAIAN/Le Harlem / 161 West 140th Street

Address: 470 West 126 NY NY 10027

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 4-27-17

(PLEASE PRINT)

Name: Norma Seigel

Address: 260 Madison Ave NY NY 10016

I represent: Seigel Teitelbaum + Evans LLP / Patente

Address: as above

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 4/27/17

(PLEASE PRINT)

Name: Debra Bechtel

Address: 1 Boerum Pl. 3rd fl.

I represent: Brooklyn Law School

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 4/27/17

(PLEASE PRINT)

Name: Yvette Rivers

Address: 161 West 140th Street NY NY 10030

I represent: PALANTE HARLEM / 161 West 140th Street

Address: 470 W 126 St NY 10027 NY NY 10030

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Pascally Lassaint

Address: 17 W 106 St

I represent: 13-19 DEADC

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Kioka Jones

Address: 235 W 116th St

I represent: Palante 26 Harlem

Address: 470 W 127th St.

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

[]

I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: 4/27/17

(PLEASE PRINT)

Name: JOHN DELFISH

Address: 615 W 150th ST

I represent: 615 W 150th ST Tenant Assoc

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

[]

I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Cordell Cleare

Address: 1851 Seventh Avenue

I represent: District Leader 70th A.M. Part A

Address: Harlem

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

[]

I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: 4/27/17

(PLEASE PRINT)

Name: Clarence Parker Jr

Address: 138 West 117th St. #23

I represent: 138 West 117th Street Tenant Association

Address: same

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: 4/27/2017

(PLEASE PRINT)

Name: RAFAEL MADRON

Address: 161 W 108 ST #5-5 NYC NY 10025

I represent: BALANTE HARLEM (TIL)

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: 4-27-2017

(PLEASE PRINT)

Name: Ella Edwards

Address: 374-76 Prospect Place

I represent: TIL-Tenant Assoc.

Address: 374-76 Prospect Place, BKlyn NY

11238

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Diana A. Gray

Address: 138 W 137th St

I represent: TENANT ASSOC.

Address: 138 W 137th St

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Wilmer Cabral

Address: 534 W. 153rd St

I represent: Neighborhood Housing Services

Address: 307 W. 36th St 12th Flr

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: 4-27-17

(PLEASE PRINT)

Name: Beverly Pabon

Address: 2 EAST 127th Street

I represent: 2 East 127th Street

Address: TIL/ANCP COALITION

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____
 in favor in opposition

Date: _____

(PLEASE PRINT)

Name: _____

Address: Juan Soto

I represent: _____

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 4/27/17

(PLEASE PRINT)

Name: Andrew Reicher

Address: 120 Wall, NYC 10005

I represent: UHAB

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 4/27/17

(PLEASE PRINT)

Name: Sgt DAVOLA

Address: _____

I represent: Neighborhood Restore HDPC

Address: 150 Broadway, NY

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Joyce Martin

Address: 169 West 140th Street

I represent: 161 West 140th Street

Address: " " " "

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 4/27/17

(PLEASE PRINT)

Name: Rodiah Small

Address: 161 West 140th Street NY NY 10030

I represent: 161 W. 140th St. Tenants Association

Address: 161 W. 140th St. NY NY 10030

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 4/27/17

(PLEASE PRINT)

Name: John Montalvo

Address: _____

I represent: 158 South 4th St

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 4-27-17

(PLEASE PRINT)

Name: Joy Clark e

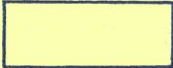
Address: _____

I represent: 158 S 4th St T.A

Address: 158 S 4th St Bklyn, NY 11211

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card



I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 4/27/17

(PLEASE PRINT)

Name: Tammy Smith

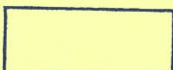
Address: _____

I represent: 158 South 4th St T.A

Address: 158 S. 4th St, BKlyn. NY 11211

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card



I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 4/27/17

(PLEASE PRINT)

Name: Debra Johnson

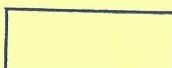
Address: 415 W. 128th St.

I represent: 415 W. 128th St. Tent. Assoc.

Address: 415 W. 128th St. #1 NY NY 10027

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card



I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 4-27-17

(PLEASE PRINT)

Name: Debi Snyder

Address: 1029 W 95 Street

I represent: myself

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

[]

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Thomas Lopez-Pierre

Address: 927 Columbus Ave NYC 10025

I represent: myself

Address: _____

▶ Please complete this card and return to the Sergeant-at-Arms ◀

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

[]

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 4-27-17

(PLEASE PRINT)

Name: Rosa Rodriguez

Address: 79 Post Ave, nyc ny 10034

I represent: 79 Post Ave Tenant Association / Palantel

Address: 79 Post Ave, NYC 10034 ny

▶ Please complete this card and return to the Sergeant-at-Arms ◀