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Gale A. Brewer, Borough President

**Gale A. Brewer, Manhattan Borough President
Testimony to New York City Council Committee on Housing
and Buildings
For the Public Hearing on Mitchell-Lama
February 29, 2016**

My name is Gale A. Brewer and I am the Manhattan Borough President. Thank you to Chair Williams and to members of the Committee on Housing and Buildings for the opportunity to testify today.

When I was Council Member of District 6 on the Upper West Side, Mitchell-Lama developments exited the program one after another. Of the 24 Mitchell-Lama developments that were built within District 6, only 10 remain in the program today. At the height of the Mitchell-Lama program in the 1980s, the borough of Manhattan had 93 co-op and rental developments in the program. Today, we are down to half that number—only 46 Mitchell-Lama developments remain according to data from the NYU Furman Center's SHIP database.

Even though the circumstances surrounding each Mitchell-Lama exit are different, the program's most common challenges can be grouped via the type and current status of a development. In the past two years as Manhattan Borough President, I have worked with buildings that fall into each of these groups.

Co-ops Exiting the Mitchell-Lama Program

Southbridge Towers, Lower Manhattan

Southbridge Towers is a 1,651-unit complex located in the prime real estate area of Lower Manhattan near the Brooklyn Bridge. In September 2014, shareholders voted—by only a 10-vote margin—in favor of exiting the Mitchell-Lama Program.¹ The vote met the two-thirds requirement for privatization. Since Mitchell-Lamas that have been in the program for over 20 years are eligible to exit, Southbridge Towers' supervising agency, NYS Homes and Community Renewal ("HCR"), had no authority to stop the privatization.

The exit put an end to tax abatements that Southbridge Tower received as Mitchell-Lama housing. In exchange, shareholders now have the opportunity to sell their units at market rate. For families who do not want to move, remaining at Southbridge Towers means steep maintenance increases needed to cover the difference between \$1.64 million of property taxes per year with abatements to over \$8 million per year after privatization. Regardless of how long

¹ The exit was delayed due to an Article 78 proceeding filed against NYS Homes and Community Renewal by some of the shareholders, challenging the legitimacy of the vote. In August 2015, the NYS Supreme Court ruled in favor of HCR, upholding the shareholder vote to exit Mitchell-Lama as valid.

current shareholders and/or their children remain in their units, every unit will inevitably lose affordability at the moment of its next sale.

Westview Apartments, Roosevelt Island

Westview Apartments, a 361-unit development located at 595-625 Main Street on Roosevelt Island, is in the process of withdrawing from the Mitchell-Lama Program. It is the last remaining Mitchell-Lama development on Roosevelt Island after two other developments exited Mitchell-Lama within the past few years. Like its Roosevelt Island counterparts, upon privatization, Westview Apartments will convert into a co-op. Even though Westview is currently a rental, the prospect of co-op homeownership for current residents provided the impetus for tenants who plan to purchase their units to support privatization.² Another reason that residents want to privatize is to fund the development's capital improvement needs, which tenants expect to secure from initial unit sales.

Non-purchasing tenants face a 14.9% initial rent increase upon co-op conversion, and while an Affordability Plan negotiated by the owner and HCR, the supervising agency, outlines future rent increases in accordance with Rent Guidelines Board plus an additional percentage based on a household's AMI level, the protection only applies to existing tenants. Once vacated, these units will be sold as market-rate co-op apartments.

Problem: Though privatization of Mitchell-Lama co-ops is rare—only seven percent have exited the program compared with over half among former Mitchell-Lama rentals³—the loss of affordability is immediate: shareholders become owners of market-rate apartments that can be sold at any time. Renters in developments that convert into co-ops do not have the same level of protection as Mitchell-Lamas that privatize as rentals.

Action Needed: Mitchell-Lama co-ops were never intended to become private co-ops. The 20-year provision for program exit was added to the program as an incentive to attract developers to build Mitchell-Lama rentals.⁴ If the City or State pursues a new limited-equity homeownership program for moderate-income households, all units must be permanently affordable, with no provision for privatization.

Co-ops Deteriorating

Gouverneur Gardens, a Mitchell-Lama co-op in the Lower East Side, consists of six buildings that are over 60 years old and operating with antiquated water main and piping infrastructures. The development has \$7–\$8 million of capital improvement needs, ranging from old water tanks to cracked sidewalks and parking lot surface, and deteriorated park space. Gouverneur Gardens has already taken on \$350,000 of financing with NYC Housing Development Corporation (“HDC”) to repair its stairwells and corridors and is still repaying this loan. With aging buildings, a depleting reserve, and limited capacity to take on new debt, Gouverneur Gardens does not have the resources to fund much needed repairs.

² Members of the Westview Task Force, who worked with Westview's owner and HCR on the co-op conversion's offering plan, informed Assembly Member Seawright, State Senator Serrano's office, and my office that a survey conducted among Westview residents yielded "big majority" support for privatization.

³ *Reinventing the Mitchell-Lama Housing Program*, Tom Waters and Victor Bach, Community Services Society of New York, April 2015, p. 1.

⁴ *Ibid.*, p. 4.

Problem: New York City's Mitchell-Lama housing stock is aging. Capital grants are rare, and tax exemption programs such as J-51 can reduce a development's tax burden but does not provide upfront resources for Mitchell-Lamas to perform the eligible capital improvements. For buildings already receiving financing with HDC or the State's Housing Finance Agency, taking on additional debt will make monthly maintenance unaffordable—especially as a co-op's tenancy ages and become reliant on fixed income.

Action Needed: The Administration's goal of reaching 200,000 units of affordable housing includes preserving 120,000 existing units. In the past, City Council Reso A money and Borough Presidents' capital grants—funds that can be awarded to eligible Mitchell-Lamas—were structured as forgivable loans as long as resources are used toward building or preserving affordable housing. Maintaining Mitchell-Lama co-op units is preservation. HPD must make forgivable loans available again to fund affordable housing preservation, including Mitchell-Lamas.

Former Co-ops Losing Affordability

West Village Houses, a privatized co-op that used to be a Mitchell-Lama rental, was granted a J-51 tax abatement upon co-op conversion. When the abatement expires in 2018, West Village Houses' property taxes will increase from \$500,000 per year to an expected \$6 million per year. It also means that units will be released from regulation and can be sold at market rate. Affordability can be extended via a new Regulatory Agreement tied to additional tax abatement or exemption. This will require the co-op Board's buy-in and shareholders' willingness to delay their ability to sell their units at market price.

Those who will be most impacted beginning 2018 are about 40 units of remaining renters. These are families who could not afford to buy their units at the time of co-op conversion and were unable to subsequently purchase. My office is working closely with Council Member Johnson and staff from Congressman Nadler, State Senator Hoylman, Assembly Member Glick, as well as HPD, to keep as many renters in their homes as possible.

Problem: West Village Houses illustrates why affordable housing must be permanent. Time-limited Regulatory Agreement and tenant protection plans only delay the inevitable. After 12 years (as in West Village Houses' case), or even 35 or 50 years, the end result will still be a complete loss of affordability for all units, and the most vulnerable tenants will have nowhere to go.

Action Needed: I urge HPD, HDC, HCR, HUD, the AG's Office, and agencies at all levels of government to pursue outside-the-box uses of existing financing tools to help preserve the affordability of current and former Mitchell-Lamas. I understand that HPD and the AG's Office have worked on several "cond-op" deals—keeping units in a co-op under affordability and tax exemption via a Regulatory Agreement, while shareholders adamant about selling their units at market are carved out of the agreement and are assessed full property taxes. Instead of taking whole developments out of affordability, can a cond-op idea be applied to current or former Mitchell-Lamas? I am also a strong proponent of partnering with nonprofit developers and CDCs to preserve affordable housing. For example, HPD can facilitate the pooling together of housing subsidies so that mission-driven developers can purchase the shares of a co-op's rental units and manage the units as affordable housing. HPD and other agencies have the financing tools. They must use them creatively to maintain the affordability of all housing.

Rentals Exiting

Lakeview Apartments, a 446-unit, 4-building development with two of its towers overseeing Central Park North and the Harlem Meer (the “lake” view) along Fifth Avenue between E 106th and E 107th Streets, is the last remaining Mitchell-Lama rental in East Harlem. In September 2014, Lakeview’s Tenants Association President informed me that its new owner, a developer based in Portland, ME, plans to privatize Lakeview. The owner does not believe remaining in Mitchell-Lama is viable for Lakeview, which has an estimated \$25–\$30 million of capital improvement needs. I have been working with Assembly Members Keith Wright and Robert Rodriguez, and with HUD, HCR and HPD, on how to keep Lakeview in Mitchell-Lama.

Problem: For Mitchell-Lamas located in prime neighborhoods such as Lakeview, existing subsidies are not attractive to owners who expect to profit from lucrative units like Lakeview’s top-floor, 4-bedroom apartments overlooking Central Park. Currently, HUD provides Enhanced Housing Choice Section 8 Vouchers to households at 95% AMI or lower, subsidizing the difference between 30% of a household’s income toward rent and the HUD-approved market rate. The State’s Rental Assistance Demonstration Program subsidizes differences between rent paid and rent charged, but the price ceiling is often lower than free market rent. Financing via Article XI requires preserving two-thirds of the units as affordable. To Lakeview’s owner, only Enhanced Vouchers match the level of rental income he expects to earn in free market rent.

Action Needed: Same as Mitchell-Lama co-ops, I am calling for permanent affordability for rental developments should a new moderate-income program similar to Mitchell-Lama be created. Supervising agencies such as HPD and HCR must also be diligent in enforcing Mitchell-Lama program requirements while a development is still in the program. Lakeview did not accumulate \$30 million of capital needs overnight—scaffolding around the development has been in place for over 12 years. In cases where previous mismanagement has increased the cost of keeping buildings like Lakeview affordable, HPD and HCR must strengthen enforcement and monitor all Mitchell-Lamas’ financial health, management compliance including the administration of wait lists, and intervene with corrective action plans and fines when owners are in violation.

Rentals Losing Affordability

My office has worked with at least three Mitchell-Lama rentals that faced steep rent increases within the past year and a half.

Tenants from Independence House, a 120-unit Mitchell-Lama rental located at 176 West 94th Street on the Upper West Side, faced a three-year rent increase proposal that would raise their rent by 45%. The owner justified the steep increase by claiming higher operating costs and an anticipated jump in real estate taxes with the NYC Department of Finance’s new way of assessing taxes on commercial units. Tenants were not initially aware of their right to re-evaluate the owner’s proposal. Congressman Nadler, Council Member Rosenthal, and my office assisted the TA to retain a CPA, approved by HPD and paid for by the owner as permitted under Mitchell-Lama rules.⁵ The TA also secured pro bono legal representation from the Legal Aid Society. After evaluating the owner’s rent increase proposal, the CPA determined that Independence House has under-realized revenue sources from warehoused units, and has under-charged commercial rents that would more than cover the proposed rent increase.

⁵ Title 28, §3-10(h)(1), Rules of the City of New York.

Tanya Towers, a Mitchell-Lama rental complex located at 620 East 13th Street in the East Village, has 50 set-aside units for the elderly and the hearing impaired. On June 2, 2015, Tanya Towers residents were notified by the management company that it has filed for a 28% rent increase with HUD, and that the increase would take effect starting in July. However, as a city-supervised Mitchell-Lama, the management did not follow proper procedure to apply for the rent increase, and HPD later confirmed to my office that Tanya Towers residents would not have their rents go up on July 1. Understanding that tenants were confused due to inaccurate information disseminated by the management company, I sent notice to each apartment to explain management's error and to inform tenants of their rights should a rent increase proposal be filed with HPD in the future.

Tenants of Clinton Towers, a Mitchell-Lama rental located at 790 11th Avenue, are facing a 20% rent increase. While modest increases may be necessary to cover rises in operating expenses, an estimated 5% of the units in Clinton Towers have been left vacant, and the development has a commercial storefront that has been left vacant for two years at a loss of \$5,627 per month, or \$67,524 per year. HPD should take all of Clinton Towers' potential revenue streams and potential cost savings into consideration when assessing the rent increase request.

Problem: In all three cases cited above, if the tenants or elected officials had done nothing, rent increases would have moved forward upon the supervising agency's signoff (illegally, in Tanya Towers' case). I appreciate the dedication and commitment to preserving affordable housing by Assistant Commissioner Julie Walpert and Director Gary Sloman at HPD's preservation division, but a critical problem remains: tenants are often uninformed of their rights and options when faced with news of a pending rent increase.

Action Needed: These cases demonstrate the benefits of technical assistance and professional support in challenging a rent increase. The Administration has allocated \$46 million in the current fiscal year and a proposed \$61.8 million in the next fiscal year for legal aid and tenant protection services. The city must also raise awareness among Mitchell-Lama renters about the availability of legal, professional, and tenant organizing assistance for them.

Other Issues

I have identified two other key issues that affect Mitchell-Lama residents. First, HPD appears to have stopped adding names to shareholder stock certificates. While I understand that this prevents violation of the Mitchell-Lama wait list policy by adding relatives or friends as an owner ahead of other households, exceptions must be made to allow for special cases such as when a family member was mistakenly left out of the stock certificate at the time of purchase.

Second, some of Housing Choice Voucher tenants of former Mitchell-Lama developments still face the issue of downsizing. While I am glad that HPD has stopped all downsizing of single-person households from one-bedroom apartments to studios, HPD continues to downsize families by assigning smaller apartments based on the calculation of two people to a bedroom. Over the past year, I have raised concerns about this policy, for example, mixed-gender teenaged siblings forced to share a bedroom when the family's religious beliefs prohibit this kind of room sharing. HPD enacted downsizing in 2012 as a cost-saving measure. Today, there is no longer a federal funding shortfall for HPD's Section 8 programs. I urge the City Council to require HPD to produce a summary of actual cost savings from downsizing to

date—something I and my colleagues have repeatedly asked for. The policy needs to be examined against its financial benefits – i.e., HPD’s justification for the downsizing program.

Summary

New York City’s Mitchell-Lama housing stock remains a consistent source of affordable housing for moderate-income families. Unfortunately, the provision to exit the program led to the loss of affordability for tens of thousands of units that have been privatized. Any future limited-equity housing program must contain 100% permanently affordable units. For existing Mitchell-Lamas:

- City and State oversight agencies must monitor Mitchell-Lama developments for compliance in financial reporting, wait list administration and apartment allocation, and contracting, intervening with corrective action where necessary;
- City, State, and Federal agencies’ subsidies and financing options must match the reality of New York City’s real estate market: subsidies should offer enough of an incentive for owners to stay in the program, and financing should not overburden a development;
- HPD and HCR, along with other agencies, should employ available subsidy and financing tools creatively to preserve affordability for a maximum number of units;
- Mitchell-Lama renters must be provided with information and resources on how to organize, understand their rights, and how to secure professional services when faced with rent increases; and
- HPD policies that negatively impact Mitchell-Lama residents, such as downsizing and changes to stock certificate guidelines, must be evaluated individually and take each case’s unique circumstances into consideration.

Thank you for the opportunity to testify today.

TESTIMONY OF THE DEPARTMENT OF HOUSING PRESERVATION
AND DEVELOPMENT
TO THE NEW YORK CITY COUNCIL
COMMITTEE ON HOUSING AND BUILDINGS
OVERSIGHT HEARING ON
“THE MITCHELL-LAMA PROGRAM”
MONDAY, FEBRUARY 29, 2016

Good Morning, Chair Williams and Members of the City Council. My name is Julie Walpert, and I am the Assistant Commissioner for the Division of Housing Supervision for the City of New York’s Department of Housing Preservation & Development (“HPD”). I oversee HPD’s Mitchell-Lama program. Thank you for the opportunity to speak with you today about HPD’s oversight of this program.

Before I speak about HPD’s specific role with respect to City-created Mitchell-Lama developments, I think it is important for you to understand the history of the program. As the work force population rapidly expanded in the City, in the post-World War II period, there was a severe shortage of safe and sound housing to meet the needs of these families. State Senator Macneil Mitchell and Assembly Member Alfred Lama, in response, promulgated legislation in 1955 which created Mitchell-Lama housing under Article II of the New York State Private Housing Finance Law. The Mitchell-Lama law provided for the establishment of both rental and cooperative housing for low and moderate income families.

Construction of Mitchell-Lama housing was funded by low cost loans from either New York City or New York State, and these properties were financed

in part through significant real property tax exemptions, which they continue to receive. In return for these benefits, developers and cooperators agree to remain in the program for at least 20 years. In addition, developers and coop purchasers must agree to limit the return on investments they earn while participating in the program. Developers of rental housing can earn a maximum of 6% per year on the money they put into a development; owners of individual coops who sell their coops can only recover what they paid for the unit. Additionally, incoming residents are subject to income restrictions and have to be selected from a waiting list.

While the Mitchell-Lama program is universally considered a success today, it got off to a slow start. It failed to attract investors because a commitment of 50 years of affordability was initially required. The requirements were lowered to 35 years, but with little uptake, the requirements were lowered again to 20 years. The program produced approximately 140,000 rental and cooperative units, and New York City financed and supervised 62,000 of these units.

Whether HPD or the New York State Division of Housing and Community Renewal supervises a Mitchell-Lama development is determined by whether the City or State provided the initial financing. Each agency promulgates its own rules and supervises developments independently.

Currently, HPD's Division of Housing Supervision oversees 96 developments with a total of approximately 45,000 units with two-thirds coop and one-third rental units. As the supervisory agency, HPD enforces the Mitchell-Lama rules and offers technical assistance and guidance to

Mitchell-Lama housing companies, but it is important to note that HPD does not provide day-to-day management of these properties or oversee the Boards of Directors. Boards of Directors of cooperative buildings are elected by a majority of the shareholders and are charged with a fiduciary obligation to the shareholders and the corporation. A Mitchell-Lama Board of Directors has wide latitude in making business and policy decisions so long as they do not violate New York State business law or Mitchell-Lama rules. As the supervisory agency, HPD ensures that boards operate within these constraints.

HPD also ensures that the developments are maintained both physically and financially. HPD conducts administrative audits of Mitchell-Lama housing companies during which we review the business practices of the development. Where we find deficiencies we require corrective action. Similarly, we also conduct periodic physical inspections from cellar to roof to ensure that the properties are properly maintained. We also supervise waiting lists and pre-approve admissions, approve maintenance and rent increases, and approve contracts greater than \$100,000.

Another important function we exercise is overseeing the annual cooperative election process. Elections for the Board of Directors are often contentious, and HPD considers fair and open elections at Mitchell-Lamas to be very important. In order to ensure that elections are open, transparent and conducted fairly, we review all of the procedures related to an annual election. We also require that the election itself be supervised by a professional election company or the housing company's attorney or accountant. HPD does not supervise or interfere in the election itself. The

selection of a Board of Directors is a democratic process which by its nature stirs controversy. By making sure that all eligible shareholders who want to run have that opportunity and that the processes are fair, shareholders are able to select candidates they deem to be the best qualified.

I would now like to take the opportunity to discuss one of the highly discussed aspects of the program, namely the privatization or “buyout” from the Mitchell-Lama program. Under State law, a Mitchell-Lama development has the right to buy out of the program after 20 years by prepaying its mortgage. We lost 60 City Mitchell-Lama developments (representing approximately 18,000 units) throughout the City to privatization. In the mid-2000s, it was very difficult to compete with the economic returns the private market offered. During the recent recession, we did not lose any Mitchell-Lamas to privatization up until this past year. However, as market conditions continue to improve, we are again faced with some recent buyouts and the prospect of additional Mitchell-Lamas that are now considering buying out of the program.

We want to maintain the affordability of these developments for the purpose that the housing was created. To that end, HPD has been working to find creative ways to retain these developments as affordable housing. In partnership with our sister agency, the New York City Housing Development Corporation (“HDC”), we have increased the availability of loans for Mitchell-Lamas. The Mitchell-Lama Preservation Program offers loans and mortgage refinancing at favorable terms as an inducement for Mitchell-Lamas to remain in the program. These loans can be used for capital repairs so that the buildings can continue to address physical needs

such as elevator, heating plant and roof replacements. Along with repair loans, HDC also offer engineering and technical support to ensure the work performed is of the highest quality and that the loan funds are used appropriately.

To address concerns about lack of adequate information and disclosure about the consequences of a buyout, such as the loss of property tax exemptions, we amended the rules and requirements for a cooperative to buyout. As a result of these changes, shareholders are now better informed and have more opportunities to approve or disapprove a buyout than in the past.

HPD also strengthened the rules for rental buyouts. Tenants of Mitchell-Lama rentals now receive notice of an intended buyout at least 365 days in advance and access to many corporate documents. Additionally, the owner must meet with the tenants at least 60 days prior to actually exiting the program.

These requirements help to ensure that the effects a buyout has on tenants and coop owners are fully disclosed, and give tenants a chance to plan for the transition. Despite these additional provisions that ensure that residents have full information regarding privatization, under New York State law, owners and shareholders ultimately have the right to buy out of the program.

For shareholders in Mitchell-Lama cooperatives, New York City's ever-increasing real estate prices make exiting the program an attractive option. Currently, a shareholder vacating an apartment at a Mitchell-Lama

cooperative, which remains in the program, will only receive back the amount of the original purchase price. Recognizing the interest coop owners have in privatizing in order to capture some of the increased value of their apartments, HPD created the Article II to Article XI program. The program offers shareholders interested in privatization an alternative affordability program. The Article II to XI program is structured so that for those looking to sell apartments, prices rise over time, but are capped below market so that they will be affordable to households earning between approximately \$78,000 and \$100,000 for a family of 3. In markets where the sales prices are much higher than the current Mitchell-Lama resale prices, providing some level of return coupled with a continued tax exemption can be incentive enough for the development to opt into the Article XI program and to retain long-term affordability.

Coops and rental developments that opt to convert to Article XI will be subject to a regulatory agreement, continue to receive the same shelter rent tax exemption as a Mitchell-Lama, and will have access to HPD's and HDC's loan programs.

There are some who say that the Article II to Article XI program is not necessary because coops are not at risk of leaving the program. That sentiment does not reflect what is actually happening. In just this past year, we have seen both a City Mitchell-Lama and a State Mitchell-Lama coop privatize, with a combined total of 1,875 units. There are also a number of coops far along in the buyout process. We believe the Article II to XI program is a good program which strikes the right balance of offering a way for shareholders to grow their equity but allow these developments to remain

as housing affordable for moderate income families now and in the long-term.

Mitchell-Lamas developments can also serve another important function in the Mayor's housing plan. Underutilized land on Mitchell-Lama developments can be a resource to develop affordable housing. Where such opportunities exist, new housing could be created and the Mitchell-Lama housing company would reap the financial benefits of developing such land. It could use the proceeds of a land sale or lease to finance capital needs, thereby reducing the amount of funds it would need to borrow for such purposes or shore up its finances so that it can keep rent or maintenance charges down.

Thank you for the opportunity to speak about the Mitchell-Lama program. We agree with you that this housing is an important affordable housing resource and welcome the opportunity to work with you more to ensure the continuation of this vital program. I would be happy to answer any questions you may have.

City Council Public Hearing Mitchell-Lama Oversight Testimony
February 29, 2016, 11AM

My name is Tom Ricciardi (tomrbusdev@earthlink.net) and I am the elected tenant representative of Independence House at 176 West 94th Street, a Mitchell-Lama rental building. I am 73 years old and a USMC Veteran and became a tenant of the building with my wife in February, 2013. According to HPD in May of 2014, the building has 76 of its 120 units apportioned for "senior affordable housing" and was first occupied on 1967.

My research and the audit history of the building has been an expedition of discovery of irregularities, inconsistencies, and outright financial misrepresentations and willful abuse of the program and the senior tenants especially. Numerous unaudited financial statements submitted by landlords and total abdication of fiscal due diligence by HPD has resulted in:

- The willful and systematic betrayal of trust, financial abuse and harassment of seniors and other low to middle income tenants.
- The systematic and willful plunder of NY State, City and Government subsidy programs such as SCRIE, DRIE, HUD Section 8 and others.
- Artificially inflated rents for tenants substantially above any acceptable increases approved by the Mitchell-Lama operating rules or any other RGB guidelines.
- Renegade management and ownership that promotes, condones, and looks the other way on warehoused apartments used as transient Internet hotels.
- Management that sponsors sub standard and illegal commercial rentals of Mitchell-Lama commercial building space in violation of Mitchell-Lama rules.

In 2007, Kristine Hamann, then Inspector General for NY State performed a thorough analysis and investigation that identified all sorts of irregularities and deficiencies in Mitchell-Lama

housing supervised by DCHR. The report is available on the Internet or anyone can email me for a copy. It is very sad that in the nine years since Hamann's report, financial abuses in the Mitchell-Lama program have become substantially more pervasive and stark.

This is a copy of today's City Council Public Hearing Agenda, and as you can see, it is totally blank. This is an excellent illustration of the level of documented oversight performed by HPD for Independence House during the past several decades and especially with regard to historical rental increases. Absolutely blank, nothing!

The senior tenants of Independence House have been unethically exploited by landlords with the aid of "rubber stamps" by HPD through its abusive use of authority, intimidation, and willful fraud in many cases and the absence of any private sector surveillance and oversight.

The only remedy for Mitchell-Lama oversight at this stage would be the immediate appointment of an independent private sector led project goaled to identify decades of and additional instances of financial manipulation, illegal appropriation of funds through inflated and irregular rents, and the restoration and recovery of plundered incorrect base rents to senior tenants and government subsidized programs. HPD must be supervised by an independent private organization chartered to clean up and document all instances of Mitchell-Lama law violation and financial elder abuse of seniors and City Council must have the will to restore those funds to tenants through the courts. Thank you.

To whom this may concern, I am a 37 year old displace female that has been dealing with this new seps/linc housing voucher close to seven months. I've also been on New York housing authority list over five years. With being remove from a situation that was harmful to me as well as safety risk, per the city of New York, and by hra, investigations. I arrive July 7, 2015, and was the first resident on the emergency hotel site. In the beginning of this program it was explain we were to be place temporary, and was issue my first housing voucher, which was NY linc4. I was given my voucher on the 11 of July 2015, which expired on the 9 of September 2015. In that time period I was never offered any rooms and or apartments. Then I received something called the seps voucher, which was received on 29 of September, 2015. Since then I am periodically offer a room, which locations are unreasonable, when I am also only offered a room because it is more convenient to be place. I am trying to reunite as well as many others, in the near future with my family. I can't understand why these housing programs are not promoting these vouchers to these landlords, also explaining that some tents have no credit, and or can't afford the application, fee which should not be requested and if so the housing program should come up with some type of way to wave payment or pay the portion the fee. I as well as others are having a very difficult time having landlords accepting these type of vouchers. And it seems that the only, landlords even coming across these vouchers are lotteries, for that you are on a six month waiting list, and that only to tells you they have received your application, Again we are displace residents of New York, I as, well as many others are fearful of going Into the crowded shelters systems when we did not come from them. As the city council of Brooklyn, we are crying out for advocacy and more affordable housing for the residents not only for Brooklyn, but for n y c. Thanks for your time.

Sincerely,

Mrs. Trina J Regis

Proposal for Council Member Stephen Levin

Aging in Place – Successfully at Cadman Towers

The construction of Cadman Towers was approved by the City of New York in August, 1968 and construction began in 1969. Cadman was designed to be a middle-income cooperative built in the Mitchell-Lama Housing program. It is managed by Tudor Realty Service Corp. and has an onsite Management Office that employs a property manager and an assistant property manager.

Cadman Towers Inc is comprised of two buildings 101 Clark Street and 10 Clinton Street, Brooklyn, NY 11201 with 421 Apartments. Close to 63% of the apartments have a head of household over 60 years of age; the older adult age breakdown is as follows:

Age	# of cooperators as head of Household
90-100	11
80-89	42
70-79	181
60-69	153

The Cadman Towers Community is a diverse community that provides a sense of neighborliness, socialization activities and hospitality. Annually there are holiday parties, Halloween celebrations for children and grandchildren, tag sales, summer pot lucks, book clubs, and a Weight Watchers program.

However, as cooperators age and some become compromised by chronic illness or mobility issues we as a co-op are limited in our ability to offer assistance. For over one year Jewish Home Lifecare (JHL) has provided a nurse two mornings a week to help with health assessments and referrals. In this short time JHL have been a lifeline to our cooperators in need. We are confident that working with JHL will help us accomplish our goal of improving the quality of life by addressing the needs of our most vulnerable cooperators.

We are requesting financial support to help us fund vital services for our Naturally Occurring Retirement Community (NORC) and Supportive Services Program (SSP).

We see the immediate goals of our program as:

- Promote a healthy lifestyle to enable seniors to remain in their homes.
- Provide better lines of communication between aging shareholders at risk and housing management.
- Community building for all age levels within the community.
- Identifying additional stakeholders in our community.
- Provide knowledge of no-cost low-cost city-run programs for the aged

Proposal for Council Member Stephen Levin

The budget for our program is:

Nurse: \$41.03/hour x 7.5 hours (1 day) x 52 weeks=\$16,016 + fringe \$7,207 = \$23,223

Social Worker:\$30.77/hr x 7.5/hr (1day) x 52 weeks=\$12,000 +Fringe \$5,400 = \$17,400

Sub-Total expense: \$40,623

8% of personnel cost

Jewish Home overhead \$3,250

Sub Total \$43,873

OATS (computer class for seniors on sight) \$7,000

Total Expenses: \$50,873

Cadman Towers Contribution \$10,873

Requested Grant \$40,000

We respectfully ask you to support this endeavor by granting \$40,000 for the 2017fiscal year. We believe that providing services to our aging cooperators is becoming urgent.

We would like to continue the JHL nurse who provides health screenings and education on wellness topics, health assessments for individual cooperators, referrals, advocacy and follow-up as needed. As listed above in our budget we would like to add a social worker one day per week. He/she will provide vital information for residents who prefer to *age in place*. They will develop resources to include other care providers in the community and work with both formal and informal stakeholders bringing all types of resources which will aid the community residents to age in place successfully. He/she will also work with housing management to address issues of identifying persons in need of these services and also to collect cooperator data so that the community can identify trends and strategically plan for its needs going forward.

Just recently Cadman Towers had a case of an elderly couple who are long-time cooperators who had bed bugs. This couple also have an adult disabled daughter, are very low income and frail with poor health. The bed bug situation became severe although the housing manager had the service department and exterminator tend to the situation. Many other tasks to remedy this type of situation, normally done by the cooperator were left undone, exacerbating the situation. We believe if we had a social worker in place they would have been able to address the situation and provide immediate remedies if not work with the couple to proactively avoid these circumstances all together.

Jewish Home Lifecare is an eldercare provider since 1848 and provides a spectrum of aging services that serves over 10,000 seniors annually through its many programs and services in NYC and Westchester. Services include NORC partnerships, home care, day

Testimony before New York City Council Housing Committee, February 29, 2016

My name is Mary Foutz, and I am a Mitchell-Lama cooperator, living at Cadman Towers here in Brooklyn.

But I want to talk about the years before I lived in a Mitchell-Lama development, as I think that is very relevant to the question of whether Mitchell-Lama owners should be allowed - either by privatization or by Article XI conversion - to take apartments away from people on the waiting list in order to sell them for more than their original equity.

I owned and lived with my first husband in two houses at different times, both in Flatbush. The total years we lived in them was more than thirty years. During that time, we paid full New York City real estate taxes. We took out and paid off on market-price mortgages.

During that time we took the full personal risk of our homes decreasing in value and of losing all our investment in them. Our first house did in fact decline in value, due to market fluctuations, and we lost money in selling it.

And during all that time the Mitchell-Lama cooperators were paying a tiny fraction of their full real estate taxes. They were getting sweetheart rates - extremely low rates - on their mortgages. And they were guaranteed by law the full amount of the equity they had put in, regardless of what the real estate market looked like at the time they sold.

Now some Mitchell-Lama cooperators are demanding more, and more. Not satisfied with having been subsidized for years and years in real estate taxes - by me and all the other private homeowners in Brooklyn. Not satisfied with getting sweetheart government mortgage rates guaranteed by me and all the other taxpayers of Brooklyn. Not satisfied with being assured of getting their original equity back.

No, now they want to make a profit on the subsidized housing they have been so long enjoying. I didn't pay full real estate taxes all those years for them to do that.

Now they want to change the waiting list rules, to eliminate people who have been waiting for years. I didn't subsidize their apartments for thirty years of taxpaying for them to do that.

Now I object strongly, to this committee and to the New York City Council, that my years of taxpaying will have been wasted if the full benefits of Mitchell-Lama cooperative living are eviscerated. I call on this committee to see to it that no more Mitchell-Lama cooperatives are lost to demands for either privatization or conversion of these invaluable public assets.

New York City Council Housing Committee, Jumanne Williams, Chair

29 February 2016, 11:00 am, Brooklyn Borough Hall

Topic: Oversight of the Mitchell-Lama Program.

Testimony by Jeanne S. Poindexter, Mitchell-Lama cooperator and officer of cu4ml.

The Biggest Problem with the Mitchell-Lama Cooperatives

Everyone here is to some extent familiar with the Mitchell-Lama Housing Program of New York, a program that isn't (yet) perfect, but it is very, very fine as multifamily housing for moderate- and middle-income families, probably finer than any other such program in the USA. Since its inception, it has worked wonders for families, rejuvenated neighborhoods, strengthened our schools, encouraged merchants and public facilities, and attracted tourists.

Unfortunately, the program has one glaring and problematic flaw: **impermanence**. It wasn't clearly intended to be that way, but it grew in that direction shortly after the program came into existence and M-L **rental landlords** were not satisfied with the amount of profit they were allowed to make. They had to have a "sunset clause."

We are now left struggling with a temporary solution to a lasting municipal problem: a decreasing stock of affordable housing for an increasingly dense population.

And the worst part of it is that the greatest beneficiaries of the program -- its cooperators -- are the people who are the tools of its demolition, by choosing to gamble for possible personal profit against permanent affordability.

I want to testify briefly regarding how far this instability reaches into the life of a M-L coop and ask HPD (and HCR as well) to do all in its supervisory and guidance capacity to stem the loss of an invaluable program that is the agency's responsibility.

* * * * *

As the rules stand, a M-L coop can withdraw from the program **voluntarily** by the expressed decision of at least 2/3 of its members (dwelling units). It's very neatly done: **every member must withdraw, and there is no return**. Eight coops have done this. The problem is that it's **a choice that cannot be reconsidered**. If a proposal to withdraw is approved, the M-L coop is lost forever. On the other hand, if a proposal fails and the coop thereby elects to remain in the program, the coop gets only a brief respite from the contest (one year) before the pressure -- the "exploration" -- can be resumed.

This approaches absurdity, because no M-L coop turns over as much as one-third of its members in only one year. Very nearly the same people who voted to stay in M-L will have remained in residence and be voting the second time around – **unless even more intense pressure is exerted on them by the losing side.** Life will get rougher and uglier, and costs (particularly legal costs) will grow with each round of the battle. At the least, an interval of peace should be set that would allow new cooperators to replace a number of cooperators sufficient to make it reasonable to “explore” and vote again. It would make even better sense to put a cap on the number of proposals to withdraw that any coop is allowed to suffer.

In reality, the first formal vote that fails to approve privatization is already the second election. Each member voted for M-L by applying to the coop for membership, then enjoyed a municipal tax abatement every day of living in the M-L coop, year after year.

*I'll tell you what has happened at East Midtown Plaza, the Manhattan M-L coop with 748 dwelling units where I have been a member since 1974. In brief. In 1992-93, the coop considered privatization, voted, and failed to approve it. The same story played in the second round, 2002 – 2012, but much longer and bloodier, and at the cost for legal assistance alone of **\$2.2 million**, paid out of the coop's operating funds. The third round has just begun (in Nov. 2015), a mere three years since we left the courtroom, and already the untruths, misrepresentations and personal attacks have begun to circulate on pro-privatization flyers.*

*The greatest **irony** is that in all three campaigns, the leading argument put forth in favor of withdrawal has been to raise funds for needed repairs and improvements of the property. **Ironic**, because extensive repairs and projects have proceeded for the past several years – the garage, the plaza, electrical wiring, windows replacement, and more. They have been managed by this M-L coop, **without withdrawing from M-L.***

In summary, I urge you to convince the agencies that the most valuable change that could be made in the M-L coop program would be restriction of the free-for-all availability of privatization that forces the dedicated members to choose M-L over and over again, from initial application to each contested proposal to withdraw.

Once is enough. Twice is agony. Three times should be prohibited.

Then we could confidently point to some lasting affordable housing in New York.

Housing Conservation Coordinators

February 29, 2016

Mitchell-Lama Oversight Hearing

My name is Betsy Eichel, and I am a tenant organizer at Housing Conservation Coordinators, a nonprofit legal services and tenant advocacy organization based in Hell's Kitchen. Thank you for letting me testify today.

Our organization has worked with the tenants of Clinton Towers, a Mitchell-Lama rental building in Hell's Kitchen, for many years. Though the building has long been an important source of affordable housing in a neighborhood that is losing it quickly, tenants have also struggled for years to get timely repairs, faced steep rent increases and felt that there was little transparency between the board and tenants, even in decisions that impacted tenants greatly.

For example, twice tenants have faced proposals from the same developer to build a large, predominantly outdoor restaurant and bar in the ground-floor commercial space. This space is intended to house a business that is useful for tenants and their families (other occupants have included an insurance business and a deli/grocery store). Despite the clear wording in the zoning text, and the opposition from tenants, the proposal was before the Community Board twice, even though the circumstances around the proposed restaurant are a bit murky. The commercial space has been kept vacant, but the owners of the proposed restaurant have close ties to members of the Clinton Housing Authority. Tenants are being hit with a notable rent increase, yet little effort has been made to find a viable commercial tenant that would follow the guidelines set out in the zoning documents.

In addition, tenants have frequently mentioned the number of vacant apartments in the building, while also waiting years to transfer to larger or smaller units when their household composition changes. The foregone rental revenue and the obscuring of a process that is supposed to be transparent have rightfully angered many tenants. It is unclear when apartments are open, yet families who are forced to squeeze in units that are far too small, with no idea if they will get relief any time soon.

Finally, tenants are currently in the process of fighting a proposed rent increase. The management proposed a nearly 20% increase over two years, which not surprisingly angered and shocked many tenants. Not only is this increase far higher than other rent-stabilized tenants have had to bear in recent years, the way in which the management arrived at their figures was difficult to understand. The management projected a nearly 4.5% vacancy rate, which seems difficult to justify in the midst of a housing crisis. They also projected very high utility costs that could likely be negotiated, as they are a major energy consumer with nearly 400 units in the building.

The tenants at Clinton Towers have contributed a great deal to the community; they have helped to make Hell's Kitchen the vibrant community it is today. Many of the tenants are veterans as well. They are grateful that they have affordable apartments in a neighborhood that is rapidly changing, but that affordability is at risk. They appreciate that the management has kept the building in the Mitchell-Lama program, but they simply want more transparency and to be able to stay in their homes. Thank you very much for your time.

Jen Berkley, Subsidized Housing Lead Organizer

New York State Tenants & Neighbors

Testimony as Prepared

February 29, 2016

New York City Council Committee on Housing and Buildings

Re: Mitchell-Lama Program Oversight

Good morning. Thank you to Chair Williams and to the Housing and Buildings Committee members for the opportunity to testify today. We also extended our gratitude to Brooklyn Borough President Eric Adams for welcoming all of us to the great borough of Brooklyn in order to accommodate tenants for whom traveling into Manhattan is difficult.

My name is Jen Berkley and I am the Subsidized Housing Lead Organizer for New York State Tenants & Neighbors Information Service and New York State Tenants & Neighbors Coalition, two affiliate organizations that share a common mission: to build a powerful and unified statewide organization that empowers and educates tenants; preserves affordable housing, livable neighborhoods, and diverse communities; and strengthen tenant protections. The Information Service organizes tenants in at-risk rent regulated and subsidized buildings, helping them preserve their homes as affordable housing, and organizes administrative reform campaigns. The Coalition is a 501c4 membership organization that does legislative organizing to address the underlying causes of loss of affordability. Our membership organization has over 3,000 dues-paying members.

Tenants & Neighbors organizes in rent-regulated, Mitchell-Lama, and project-based Section 8 developments citywide. In the buildings where we organize, the story is the same. Low and moderate income tenants in New York City are regularly experiencing the pressures of displacement. Rents are climbing and tenants are concerned that they will not be able to afford to stay in their homes and communities. Especially in light of the possible Mandatory Inclusionary Housing Plan that could significantly increase displacement pressures in low and moderate income communities, our top priority is making sure that these tenants are able to stay in their homes and communities. Tenants & Neighbors has organized for several decades to preserve Mitchell-Lama developments, but it has been a challenge. We believe preserving our city's Mitchell-Lama housing stock is key to any broad range affordable housing plan in New York City and the current administration in City Hall, as well as members of the City Council, would be wise to focus preservation efforts on Mitchell-Lama rentals. We are pleased to offer our testimony at this hearing, the first on Mitchell-Lama housing in several years.

The Mitchell-Lama program was designed back in the 1950s to provide affordable housing to low, moderate, and middle income families in throughout New York State. Mitchell-Lama buildings in New York City allowed working families to live in the city at

rents they could afford, while building owners received low interest loans, tax exemptions, and government subsidies in exchange for keeping their rents affordable for a specified duration of time – usually 20 years. Initially the Mitchell-Lama program created 66,000 rental units and 69,000 co-op apartments in New York City. By most accounts, Mitchell-Lama rentals and co-ops have been well-maintained and the buildings have continued to be desirable places to live and raise a family, but by the mid-2000s, with dozens of buildings being lost to lucrative buy-outs, this once robust resource of affordable housing had dwindled significantly.

Over the last 20 years, nearly 40,000 units of affordable Mitchell-Lama rental housing have been lost. This has contributed considerably to the city's affordable housing crisis, especially as long-standing policies to promote affordable housing have started to fail. Coupled with the deregulation of at least 200,000 rent-stabilized apartments in just the last 10 years, the affordable housing losses have far outnumbered any gains. Our city, simply, has not stepped up to meet the demand for housing for low and moderate income New Yorkers in every borough. We have not done enough to preserve our stock of affordable housing -- rent-stabilized apartments and Mitchell-Lama rentals. All too often, the "affordable" housing being built is targeted at income levels that are too high for the families most affected by these losses. We have witnessed massive displacement, rising homelessness, unsafe living conditions, a ten-year wait for NYCHA housing, and housing courts filled with tenants being evicted for non-payments of rent. This is New York City in 2016.

As building after building exited the Mitchell-Lama program, solutions to rising rents were implemented, but were not sufficient enough to solve the growing lack of affordable housing options in the city. Landlord Assistance Program (LAP) agreements between landlords and tenants were put in place as a way to assist former Mitchell-Lama tenants who did not qualify for other subsidy programs – but today, these agreements are expiring and there are no alternatives. Tenants will have to pay market rents for their apartments or leave the neighborhood they have called home for decades. Apartments in buildings constructed pre-1974 convert to rent-stabilization, providing protections for tenants; however apartments in buildings constructed post-1974 do not have the same advantage. Mitchell-Lama tenants are frequently victims of changing neighborhoods and demographics. Tenants who receive enhanced vouchers have dropped 50 percent, a decrease that may indicate tenants are experiencing conditions that have forced them to move, such as landlord-tenant harassment that we know is often times driven by greed or unscrupulous motives, as well as a quest to gentrify the neighborhood. Tenants have also experienced the negative impact of predatory equity and over-leveraging, as the building's owners have struggled to maintain the property, allowing physical conditions to deteriorate and security services to decline all the while collecting maximum rents. Stop-gap measures and cosmetic improvements have failed to protect tenants, and we need new solutions.

In April 2015, Tenants & Neighbors released a report entitled "Recapturing Mitchell-Lama developments: Tools for Preserving Affordable Housing," calling on the city to prioritize protecting current Mitchell-Lama tenants and preserving as much of the city's current Mitchell-Lama housing stock as possible, as well as re-capturing lost Mitchell-Lama units by utilizing Article XI. Article XI takes the form of a regulatory agreement between private building owners and the City of New York and provides discretionary

tax exemptions to qualifying properties, for a maximum of 40 years. An Article XI agreement provides for a payment in lieu of taxes based on the city Department of Housing, Preservation and Development's (HPD) review of the property's current financing and existing tax exemptions. While there has been some criticism of the use of Article XI in the past, it can be an effective tool for affordable housing preservation and has been used successfully in a number of preservation deals. The city has negotiated Article XI agreements for the West Village Houses in Manhattan, the Promenade Apartments in the Bronx, and is currently negotiating the terms of an agreement for Atlantic Plaza Towers in Brooklyn, all Mitchell-Lama rental developments that reached the end of their initial agreements. In 2015, it was used successfully to negotiate a longer term affordability agreement in a HUD Project Based Section 8 building in Harlem, the Audubon, for 20 years. Article XI has also been used effectively to recapture lost affordable units in a former Mitchell-Lama in the Lower East Side, Lands End I. Tenants & Neighbors has identified a handful of other former Mitchell-Lama developments where we believe Article XI could be used to recapture lost affordable units through a combination of tax abatements and project-based vouchers, including Heywood Broun Towers in the Upper West Side of Manhattan, Knickerbocker Plaza in the Upper East Side of Manhattan, and Riverside Park Community, a complex with nearly 1200 units in Upper Manhattan. Recapturing lost Mitchell-Lama units would be a huge step in these communities that have seen massive rent increases in the last 10-15 years and the displacement of hundreds of families.

At Tenants & Neighbors, we believe one area of improvement for Article XI agreements is the involvement of tenants in the process of these conversions. While owners receive lucrative tax breaks in exchange for long-term affordability agreements, the tenants are often left out of the equation. We would like to see tenants take an active role in the negotiating process, by developing a list of building improvements or additions they would like to be included in the agreement. For example, tenants may ask for an indoor play space for children, new flooring in the building's lobby, or a new intercom system. We would also like to see City Council members take pro-active approaches to involving tenants in their decision making process regarding the Article XI approval process and hold at least two town hall meetings to discuss the owner's proposal with the tenant community. As you know, individual City Council members make the final decision regarding Article XI conversions before bringing the proposal to a vote of the full Council. Another major concern with Article XI agreements are the levels of affordability that are established in the agreements to determine the eligibility of new tenants who apply to live in the buildings. We believe there should be greater restrictions on the income levels approved for new tenants and that those levels should reflect the incomes of current tenants and the incomes of individuals living in the neighborhood at the time the agreement is written.

While our concerns regarding the long-term affordability of current Mitchell-Lama developments reaching the end of their agreements are paramount, we have additional concerns regarding high rent increases and owner reliance on the city's SCRIE program. Last year, we testified in support of tenants at Independence House, located on the Upper West Side, who were fighting their owner's rent increase proposal of 45.2 percent over a three year period. Like many Mitchell-Lama developments, Independence House

has an aging population, many of whom receive SCRIE from the city. Seventy-six of 120 apartments are occupied by tenants receiving SCRIE. Neither the owner nor HPD were concerned that the city would be responsible for paying the proposed rent increase for all the tenants receiving SCRIE. This over-reliance on the SCRIE program is unfair to taxpayers and we ask that this Committee research and evaluate the amount of money the City is paying Mitchell-Lama owners who seek rent increases in buildings comprised of tenants receiving SCRIE.

In considering the future of Mitchell-Lama developments in New York City, we would be remiss to leave out tenant concerns regarding issues surrounding the right to organize, the ease of lease renewals, issues with repair needs not being sufficient addressed, succession rights, and a desire for improved oversight of Mitchell-Lama by HPD.

In conclusion, we hope this committee seriously considers the issues we have raised in our testimony. We believe Mitchell-Lama housing is an essential affordable housing resource in our city that continues to be under threat. Mitchell-Lama tenants are incredibly vulnerable as housing costs in nearly every neighborhood continue to rise. These issues needs to be analyzed and addressed before more tenants are squeezed out of their homes and should be at the forefront of any future affordable housing plan that this City Council and this Mayor choose to implement. Tenants & Neighbors will continue to work alongside Mitchell-Lama tenants to preserve this precious resource of affordable housing in New York City.

Thank you for the opportunity to testify today.

Naomi Chappelle Mitchell-Lama Testimony

SBLP GROUP
MARC GROUP

Mitchell-Lama rental and co-ops has been in existing since late 1950. Over the years owners ask repeatedly for carry charge increases for renovations and repairs, but the renovations and the repairs are never done-then.....the owners ask HPD for the same carrying charge increases within 3-5 years, and the cycle repeats itself-more increases but no repairs. HPD is not following up to make sure the money is being spent for the repairs before approving the next set of increases.

HPD has been negligent in making sure the ~~rental and~~ shareholders receive financial data that shows how the money is spent for all expenses, including repairs. HPD refusal to act, makes HPD directly to blame when owners hide financial information.

HPD approving all these increases in middle-class building s will have more people homeless.....

Testimony to the City Council Housing Committee February 29, 2016

My name is Richard Heitler and I live at Village East Towers – a Mitchell-Lama cooperative where I currently serve as president of the board. I am also a member of Cooperators United for Mitchell-Lama (cu4ml), and it is my privilege to read this testimony that has been prepared by Christine Fowley, a resident of Cadman Towers and a fellow CU4ML board member, who is not able to attend today's hearing due to illness. I would like to thank the Housing Committee for holding this hearing today in Brooklyn. The Mitchell-Lama Program which included limited-profit rentals and limited-equity cooperative developments based on Article II of the Private Housing Finance Law has been, for good reason, called the best of all affordable housing programs. I will focus my comments today on Mitchell-Lama cooperatives and how we must take action to preserve these affordable housing assets in our communities.

If there is one message that I hope you will take away with you today it is this: THERE IS ABSOLUTELY NO REASON FOR ANYONE WHO OWNS A ML COOPERATIVE APARTMENT TO MAKE A PROFIT WHEN THEY LEAVE.

Let me say that again in a different way. Someone who owns a ML coop has received government subsidies for the entire period of time they have lived in their apartment. They paid well-below market rate for their apartment—their limited equity—and have enjoyed an abatement from regular real estate taxes—again paying well below the taxes of their neighbors. They have enjoyed an affordable place to live because of the structure of ML coops that charges a surcharge to help support the development to those whose incomes exceed the ML limits after they move in. And, in many developments they have gotten government-backed mortgage packages and have debt service payments that are also well below that of their neighbors. How

on earth would it be considered anything but morally corrupt to, after years of subsidy, take a windfall profit when they no longer want or need to live in this affordable housing – thus depriving the next generation out of being able to own an affordable place to live?

Again, there is no legitimate reason why anyone should be allowed to make a windfall profit from their ML cooperative housing—essentially pulling up the ladder behind them.

NONE.

Of course the biggest threat to ML cooperative housing is when the shareholders move to leave the ML program and become a market-rate coop through what is referred to as privatization. This not only pulls up the ladder behind them—screwing every family on the development's often long waiting lists but also screws the lower-income people in the buildings who now have to pay regular real estate taxes, pay much higher debt service costs, and lose the developments surcharge income. Proponents of privatization make wild claims about how rich people will move into the developments and through the magic of flip taxes will pay for all the increases in costs. Flip taxes are highly speculative and not a dependable sources of income and, therefore, create extreme risk for those who want to continue to live in their homes but cannot afford huge increases.

Again, let me remind you, that there is no moral or legitimate reason for any ML shareholder to make a windfall profit while pulling up the ladder behind them and leaving the less well-off of their neighbors behind to face increase costs. None. Nada.

You may not know that the original ML regulations did not include a provision for developments to leave the ML program. We understand that it was only when rental development were not being built in the hoped for numbers that the regulations were amended to allow buy-out after a certain period of time and under certain conditions. ML coops should

never have been included in these provisions because there is no moral or legitimate reason that he or she should be allowed to make a windfall profit while pulling up the ladder behind them. Of course, this was also terrible policy for the rentals that have now gone to market rate at much higher numbers than the coops.

It is an outrage that the legislation that bans the privatization of ML cooperative housing has not been passed. Every politician who says they are for affordable housing should make it their mission to get this bill through the Assembly and Senate and on to the Governor's desk for a signature. We have lost 10 ML coops and 5,808 units of housing to privatization but there are 86 left with 61,625 units left that need to be preserved. Please do everything in your power to move this legislation forward including a City Council resolution calling on Albany to pass the legislation and by lobbying the Assembly and Senate members in your districts to make this happen.

There is another threat to ML cooperative housing that is under your control and we ask that you act to stop this 'semi-privatization' of ML housing. Keeping in mind that there is no moral or legitimate reason for a ML shareholder to make a windfall profit when they no longer want or need to live in a ML development, we ask that you move immediately to rescind Section 3-14(i)(15) of the NYC Housing Preservation and Development (HPD) rules that allow Mitchell-Lama coops to withdraw from the program and reconstitute as a **MUCH LESS AFFORDABLE** HDFC/Article XI coop. This rule was slipped into the HPD rules in 2011 without public review or comment. We were told at the time that the idea was to allow ML shareholders to 'get a return *on* their equity instead of just a return *of* their equity.' Why the government would collude with those who want to leave their ML apartment with a windfall profit—albeit a smaller one than with privatization—and pull the ladder up behind them is beyond our imagination.

Again, there is no moral or legitimate reason for a ML shareholder to make *any* profit off their long-subsidized housing while raising costs for those who want to continue to live in the development and pulling up the ladder behind them so that the next generation of moderate income people will have no affordable place to live.

The argument you may hear from HPD about these “Article II to XI” conversions is that the apartments would still be affordable. Well, every apartment in the world is affordable to someone! The beauty of ML is that it was and is targeted to moderate-income New Yorkers. We are your social workers, your librarians, your secretaries, your bus drivers, your electricians, your teachers, your janitors, your nurses, your college professors.... We qualify for ML cooperative housing if our incomes are in the about the \$25,000 to \$130,000 dollar range depending on family size. We are in the income range that makes us ineligible for other so-called affordable housing because our incomes are either too high or too low. So ML coops are, for the most part, our only option. Converting a ML coop to an HDFC coop would give a profit to outgoing, long subsidized shareholders while charging 10x the amount we would have paid if we had been called off the ML waiting list. This would make these apartments unaffordable to any single person making less than about \$60,000 or so - and the numbers would go up from there for families. This is an outrage—to screw the people on the waiting list so that outgoing shareholders can make a windfall profit.

It is an irony of irony that the ONLY coop that we know of that is considering a “II to XI conversion” is Cadman Towers where, after a more than 20 year battle, privatization was defeated. So far from preventing privatization Article II to XI conversions are, in fact, being used as a way to still make a profit when the privatization battle was lost. We ask that you get

HPD to rescind this rule since, again, there is no moral or legitimate reason for a ML shareholder to make a windfall profit when they no longer want or need this affordable housing.

In the reading packet we prepared are the legislative white paper of Cooperators United for Mitchell-Lama, a position paper on II to XI conversions, and a NY Times article that discusses the problems with HDLC housing affordability. I hope you will read them and we would be happy to meet with you further to work to protect and preserve ML housing.

One final note. Privatizers often use the fact that our buildings are aging and in need of repair and improvements to promote privatization or semi-privatization. They illogically argue that we need to privatize so that rich people will move into our developments and will pay for all of our repairs. We definitely need to find affordable ways to maintain our buildings but AFTER we pass legislation to prevent privatization and rescind Section 3-14(i)(15) of the HPD rules.

Thank you.



Preserve Affordable Mitchell-Lama Cooperative Housing

Recommendations from Cooperators United for Mitchell-Lama

Cooperators United for Mitchell-Lama (CU4ML) is a membership organization comprised of Mitchell-Lama cooperators (resident-shareholders) from around the City who are committed to preserving quality limited-equity cooperative housing developments, in perpetuity, for both themselves and for future generations of New Yorkers. To this end we urge the immediate enactment of the following policy and legislative agenda:

CU4ML'S HOUSING POLICY AND LEGISLATIVE AGENDA FOR 2014

- 1) **Protect affordable Mitchell-Lama cooperative developments from privatization by enacting legislation to prohibit the dissolution and/or reconstitution of any mutual company organized under Article II (Mitchell-Lama section) of the Private Housing Finance Law (PHFL) ;**
- 2) **Rescind Section 3-14(i)(15) of the NYC Housing Preservation and Development (HPD) rules that allow Mitchell-Lama cooperatives to withdraw from the Mitchell-Lama Program and reconstitute as much less affordable Article XI coops.**
- 3) **Strengthen City and State agency rules that protect current shareholders and those on the waiting lists for these developments from loss of affordability, and strengthen the power of the supervisory agencies to enforce these rules;**
- 4) **Require HPD and NYS Department of Housing and Community Renewal (HCR) to implement Section 31-b of Article II of the PHFL which would allow purchasers of ML coops to get low interest mortgages or secured loans to purchase their apartments;**
- 5) **Provide low-interest loans to Mitchell-Lama cooperatives and other affordable housing developments for infrastructure maintenance and capital repairs, and;**
- 6) **Construct more affordable housing using the successful model that Mitchell-Lama coops embody.**

NEW YORK CITY AT A CROSSROADS

There is an urgent need to examine all of the factors that contribute to rising income inequality and that threaten the health of New York City and New York State. One of the underpinnings of a viable New York is affordable housing which is an essential foundation for stable, thriving, diverse neighborhoods. Today, just as when Mitchell-Lama housing was first conceived in the aftermath of the Great Depression and World War II, there is an acute shortage of decent, affordable housing. This threatens the very character of New York City as a diverse city of opportunity, as a center of innovation and creativity, and as a destination city founded on a hard-working and talented population and a broad middle class.

More than 4,100 units of Mitchell-Lama cooperative housing have been lost to privatization and the remaining 63,398 units are under threat of going private and/or becoming unaffordable to the moderate-income New Yorker for whom they were intended.

Mitchell-Lama cooperatives can and must be preserved for generations to come.

It is the mission of Cooperators United for Mitchell-Lama to preserve and protect these valuable community assets. Permitting the destruction of existing Mitchell-Lama (ML) cooperative housing developments created and supported over decades by tax dollars so that the already lucky recipients of affordable housing can make a windfall profit when they no longer want or need to live in these developments is terrible public policy and just plain wrong.

Background Information: The Mitchell-Lama Coop Success Story:

Limited-equity cooperative housing – which includes Mitchell-Lama cooperatives -- is the best model of affordable housing for moderate- and middle-income New Yorkers. The program works because:

- 1) Mitchell-Lama cooperators (owners/shareholders) pay well below market-rate (limited-equity) to purchase their coop, thus avoiding high monthly mortgage payments;
- 2) The developments are exempted from paying real estate taxes and instead pay the much lower Shelter Rent Tax, keeping monthly charges low;
- 3) Mitchell-Lama rules allow for the imposition of a surcharge on owners whose income exceeds the ML limits, adding to operating funds and further subsidizing the affordability of these developments;
- 4) In many developments, government-sponsored building mortgages have better terms than regular bank mortgages, and low-cost government loans for repairs and improvements have also been available to help maintain affordability.

Other benefits that ML cooperators enjoy include the ability to easily move within the development as their family composition changes—for example, moving from a one-bedroom to a two-bedroom when a child is born, or to a three-bedroom when more children are born or when an aging parent moves in—then back to a smaller apartment when the children are off on their own and the cooperator wants to save money by downsizing in their retirement. ML coops are protected either through supervision by the State HCR or the City HPD with extensive rules that spell out occupancy standards, income ranges, succession rights, etc.

When the owner leaves -- usually when they die and have no successor to the apartment since very few voluntarily give up this extraordinary deal -- they get their “limited-equity” back and the next moderate-income family is called from the government-supervised waiting list.

It is important to note that the original Mitchell-Lama legislation in 1955 had *NO PROVISION* for converting affordable Mitchell-Lamas to market-rate housing. Amendments to Mitchell-Lama rules that allowed developments to withdraw from the ML Program under certain circumstances and after a certain number of years were apparently intended to spur the development of Mitchell-Lama *rentals*.

These changes/amendments to the law, intended to encourage developers to build rental units, should never have applied to or included Mitchell-Lama cooperatives.

Threats to Affordable Mitchell-Lama Cooperative Housing:

The main threat to affordable Mitchell-Lama housing is the enticement of a personal windfall profit to current shareholders through a vote to withdraw from the Mitchell Lama program, either by becoming a market-rate coop or, in City supervised developments, by converting to an Article XI coop. As this possibility has lingered over decades, capital repairs required for the upkeep of the now-aging infrastructure as well as current energy saving recommendations have been sorely neglected and day-to-day operating funds have been diverted into privatization campaigns and resulting legal challenges.

1) THE THREAT OF WITHDRAWAL FROM THE ML PROGRAM TO CONVERT TO MARKET RATE

Privatization (withdrawing from/buying out of the ML program) is sold to ML shareholders with the promise that *"we'll all get rich, no one will be hurt, and rich people will move in to pay for all our needed repairs."* Nothing could be further from the truth. Although ML rentals have been lost at far greater numbers, so far, by our records, we have lost 8 cooperatives with more than 4,100 units, leaving 88 coops with 63,398 apartments in need of protection. Lost coops are:

Name	Year lost	Borough	# of apartments	
Anthony J Contello	1989	Brooklyn	326	HPD
La Fontaine	2002	Brooklyn	48	HPD
Contello Towers III	2007	Brooklyn	160	HPD
Trump Village III	2007	Brooklyn	1,674	HCR
Trump Village IV	2007	Brooklyn	1,146	HCR
Forest Park Crescent	2008	Queens	240	HPD
Columbus Park Towers	2008	Manhattan	162	HPD
Rivercross	Voted to withdraw in December 2013	Manhattan	364	HCR

To leave the ML Program a cooperative must withdraw from the Program by "buying out" – paying off any government sponsored mortgages and then paying regular real estate taxes. Families on the development's waiting list are out of luck as the purchase price increases dramatically, and the monthly maintenance costs double or triple because of the much higher taxes and debt service costs. Owners who no longer need or want their affordable housing stand to make a windfall profit. Those of moderate means who want to stay may no longer be able to afford to do so. The families for whom ML coops were intended are priced out.

THE FLIP TAX MYTH

The privatization road map allows for the imposition of a 'flip tax' – as much as 45% of the outgoing owner's windfall profit. This unreliable and highly speculative source of income is touted as the way to offset the dramatic increases in tax and debt service costs, to make up for the loss of surcharge income, and as an illusory promise to fund needed capital repairs.

Most flip tax projections (in those buildings that have considered privatization) are based on transfer rates that have never been the reality in the development before but that, conveniently,

project transfer rates and sale prices that cover the anticipated increases in costs and all of the buildings needed capital repairs. The idea of privatization is sold in this way—that higher income people will move in, current residents will not have to pay more to continue to live in the building, and flip taxes will pay for needed repairs. According to our research this is not the reality. While some privatized buildings have gotten away with significant warehousing of apartments prior to conversion which has delayed increases in costs to current owners, other developments are being hit with big maintenance increases.

Mitchell-Lama cooperatives should never have been included in the legislative amendments to the law that allowed for developments to leave the Program. It is long past time to take back the option to privatize by amending the PHFL to prohibit the dissolution and/or reconstitution of any mutual company organized under Article II. Suggested legislative changes are below:

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Subdivision 2 of section 35 of the private housing finance law as amended by chapter 229 of the laws of 1989 is amended to read as follows:

2. A company, other than a mutual company, aided by a loan made after May first, nineteen hundred fifty-nine, may voluntarily be dissolved, without the consent of the commissioner or of the supervising agency, as the case may be, not less than twenty years after the occupancy date upon the payment in full of the remaining balance of principal and interest due and unpaid upon the mortgage or mortgages and of any and all expenses incurred in effecting such voluntary dissolution. In the case of a mutual company aided by a loan made after May first, nineteen hundred fifty-nine, voluntary dissolution without the consent of the commissioner or of the supervising agency is permitted only after its municipal tax exemption, and any grant of an extension thereof, shall have expired. [which will be in 2055]

2) THE THREAT OF HPD RULE §3-14(i)(15) - CONVERSION OF ML TO ARTICLE XI:

In 2011 the City HPD, in collaboration with the NYC Housing Development Corporation (HDC), came up with what CU4ML considers a terrible public policy mistake that would significantly reduce the affordability of ML cooperative housing if adopted by a development. Slipped into an HPD rule change, without public comment, was HPD's Article XI conversion regulation §3-14(i)(15) that allows for conversion of ML coops (Private Housing Finance Law Article II coops) to PHFL Article XI coops—also known as HDFC or Housing Development Fund Companies. Apparently the idea was to dissuade ML shareholders from pursuing full market-rate privatization by allowing them to make a windfall profit—albeit not as big of a profit as with market-rate conversions—by withdrawing from the ML program and reconstituting under Article XI.

Prices of the apartments would increase dramatically. The cost for initial purchase, for example for a two-bedroom apartment, would go from about \$29,000 to about \$250,000, with the windfall profits going mostly to the long-subsidized outgoing shareholder and the remaining going into the building repair fund. The ML waiting list would be eliminated and HPD supervision would be lessened as the building Board would assume greater power. While ML coops are governed by

extensive rules and regulations that protect shareholders and those on the waiting list, no such rules exist for Article XI coops.

Although HPD and HDC said that they believed that Article XI coops would still be “affordable” housing—targeted to some of the same families as Mitchell-Lama developments—those on the lower ranges of eligibility for ML coops would be priced out. Those on the higher end would be still be eligible to purchase one of these “affordable” apartments but would likely have to take a mortgage and would have monthly housing costs that are double or triple those of the current ML residents.

It is absurd public policy to take the most affordable ML coops and make them so much less affordable so that people who don’t want to or need to live in these developments anymore can walk away with a great deal more money than their accumulated equity.

In the ultimate irony, the plan is to allow these developments to continue to be exempted from regular real estate taxes. Imagine the chagrin of a family kicked off the waiting list at a former ML coop that converted to Article XI, no longer able to afford their dream but whose tax dollars continue to subsidize those who will get the windfall profit when they sell.

If the City refuses to rescind this rule, then coops that withdraw from ML and convert to Article XI should not be eligible to receive Shelter Rent Tax. **Shareholders should choose—either take a windfall profit or continue to receive the tax abatement—but NOT BOTH.**

Contrary to HPD and HDC’s idea that this would persuade coops to abandon privatization efforts, the *only* coops considering this option are the ones in which *privatization was either defeated or in which the coop could not garner enough interest to pursue it.*

It is important to note that Article XI has been used extremely successfully in converting abandoned building and rental properties into a range of affordable coops and CU4ML strongly encourages the continuation of these types of Article XI coops. Some problems have been noted because of the lack of rules and regulations governing Article XI coops and some efforts are underway to correct problems—and ironically—develop better rules and regulations like those that exist for ML coops. These reform efforts should continue and, someday, hopefully, they will lead to a better Article XI structure. In any event, §3-14(i)(15) of the HPD rules should be rescinded to keep Mitchell-Lama coops affordable to moderate-income New Yorkers.

3) THE THREAT OF GROWING EQUITY COSTS AND CAPITAL REPAIR NEEDS IN AGING COOPS

Initial ML shareholders purchased their apartments for a few thousand dollars. Over the years they have paid amortization (funds each month toward the building mortgages) and, in some buildings, assessments for repairs. When a shareholder leaves they get back the original equity, the amortization, and the equity assessments from the next incoming shareholder. In some buildings, a “double equity” assessment is made on the incoming shareholder, with the ‘double’ part going to building repair funds. This “First Sales Capital Assessment” program was developed and promoted by HPD and has been implemented in some City ML buildings.

Instead of being able to purchase a ML coop for \$3,000-\$25,000, new shareholders now pay \$40,000-\$80,000 or more in some buildings. This initial purchase price will continue to rise as developments pay down their building mortgages. It is increasingly difficult for incoming moderate-income New Yorkers to come up with the cash needed for the purchase. Families are stuck when they cannot get a secured loan or mortgage for these higher purchase prices. Although personal loans are theoretically available, in reality they are often too expensive and/or difficult to obtain. Many who finally get called from the waiting list have to decline the apartment because they cannot come up with the cash.

Section 31(b) of Article II (Mitchell-Lama) of the Private Housing Finance Law mandates the City and State to generate regulations that would allow a purchaser of a ML apartment to get a mortgage or loan using their apartment as collateral. HPD and HCR must generate these rules so that moderate-income families being called off the waiting list for an apartment will be able to afford it.

In a related area, most ML cooperative developments were constructed in the '60's and 70's and are now in need of capital repairs and improvements. These threaten the affordability of the housing.

Concerns about the cost of repairs in the aging ML developments have sometimes been the impetus for talk of privatization or conversion to Article XI coops. Funding big repair jobs can be a challenge to the budgets of the lower income shareholders and those interested in privatizing use this to sell people on the idea that flip taxes can be used to pay for repairs so that current residents do not have to pay anything. Of course, the numbers don't add up when any collected flip taxes will be needed to offset higher taxes and debt service costs and to replace the lost surcharge income.

A better plan was implemented in 2004 when the Mayor announced an incentive program to encourage both ML rentals and coops to stay in the Program. Refinancing with highly favorable terms and grants for capital repairs were offered if the development agreed to stay in the program for a minimum of 15 years. Repair loans were also made available for those who stayed in the program for the life of the loan. Many took advantage of these incentives and are "safe" until at least 2019. **If privatization and Article XI conversions are taken off the table and long-term, low-cost loans are made available, the governing bodies in these coops can turn their undivided attention to the preservation of this housing for current residents and for future generations.**

4) CITY AND STATE REGULATION CHANGES

Until legislation is passed in Albany that bans the privatization of Mitchell-Lama cooperatives and until HPD rules allowing conversion to the less affordable Article XI are rescinded, the following rule and regulation changes should be put into place:

- a) Prohibit the use of a coop's operating funds for any expenses related to withdrawal from the ML Program. Require, instead, a **special assessment** approved by a 2/3 shareholder vote for any funding to be used to develop a Feasibility Study or an Offering Plan (Red Herring/Black

Book) to pursue privatization or a Proxy Statement to pursue conversion to Article XI. These expenditures have cost ML coops hundreds of thousands of dollars (or more) and have too often given coop boards favoring privatization a blank check to pursue their agenda while diverting funds from needed repair and improvement projects.

- b) **Prohibit proxy voting** in any cooperator vote related to withdrawal from the Program or funding of the process. The use of proxies has been very problematic in ML coops, allowing intimidation and corruption in collecting proxies and giving an easy way for those who are skirting ML rules (illegal sublet, non-primary residence) to vote to privatize.
- c) Enact regulatory reform to **institute best practices** for State and City supervising agencies (HCR and HPD) to ensure enforcement of uniform rules and regulations across the housing terrain in order to protect current shareholders, those on the wait list (or who would like to be), afford an open and transparent process and guarantee full disclosure of costs and risks of withdrawing from Mitchell-Lama. In particular, HPD has worked to make the process of exploring privatization and developing a privatization plan a more open and transparent one, and these rules need to be adopted by HCR to cover State-supervised ML coops.
- d) Demand more **consistent enforcement** of waiting lists, primary residency requirements, subletting restrictions and succession rights. The agencies should take appropriate action and intervene when a coop Board of Directors is defying ML rules or their building's own by-laws.

5) THE NEED FOR MORE ML COOPS AND RENTALS

Cooperators United for Mitchell-Lama members know just how lucky we are to have an affordable place to live in New York City. We believe that we should be good stewards of these valuable community resources and work to develop more of them.

ML coops are the most affordable because they do not rely on the faulty HUD formula and standard of 30% of gross income equals "affordable housing". It is interesting to note that under FDR this standard was to pay 20% or less for affordable housing. This was raised to 25% under Nixon and to 30% under Reagan. Unfortunately, most low-, moderate-, and middle-income families, especially in expensive New York City, don't have enough left over to pay for everything else when 30% of their gross income goes to housing. Families in ML coops pay closer to the FDR range—and the beauty of ML coops is that those whose incomes exceed the limits for the building pay a surcharge that helps maintain the affordability of the development.

We believe that the notion that we cannot develop more ML cooperatives because there is no land available is false. It is possible to utilize the current Mitchell-Lama statute—Article II of the Private Housing Finance Law—for new construction and conversion of existing rental properties to Mitchell-Lama co-ops and not-for-profit/limited-profit Mitchell-Lama rentals. These new developments should not have the ability to withdraw from the Program but, rather, should remain affordable in perpetuity. Such new construction of Mitchell-Lama co-ops and not-for-profit/limited-profit sponsored rentals will require:

1. Cheap Land— The identification of sites for new developments, for example, a portion of the Brooklyn Navy Yard, the West Side Rail Yards, Roosevelt Island, etc., should be undertaken

immediately. Likewise, Scott Stringer's 2007 Survey of Underutilized Properties in Manhattan could be a model for all boroughs to identify such properties and tax them at a high rate while they are underutilized.

2. State and City Financing of New Mitchell-Lamas at the State and City's Cost of Borrowing—Long term, low interest rate loans from the state and City to develop new Mitchell-Lama co-ops and not-for-profit/limited-profit sponsored rentals could be made available now that these governments' bond ratings are high and interest rates are low.

PAYING IT FORWARD:

CU4ML members know we are some of the luckiest New Yorkers. Because of our the tax breaks and low interest loans from the government, we, unlike so many others, have an affordable place to live in the greatest city in the world. Each month after we pay monthly charges calculated to cover what it actually costs to operate and maintain our cooperatives, we have money in our pockets that we would not have if we were paying market-rate for our apartments. Some of us use every penny of these savings just to survive. Some of us have been able to do and accomplish things that would have been impossible if we did not have an affordable place to live.

We are grateful for our affordable housing.

We want to preserve this housing for the next generation.

We would like to see more Mitchell-Lama cooperative housing developed so that more New Yorkers can have what we have.

We urge those who favor the preservation and development of affordable housing to help us move this affordable housing agenda forward.

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**Position Statement from Cooperators United for Mitchell-Lama
on HDC Offer to Convert Mitchell-Lama Cooperatives
to Article XI HDFC Cooperatives**

May 22, 2012

Over the past year, the city agencies HPD and HDC have created and promoted a plan to encourage conversion of Mitchell-Lama (ML) cooperatives to Housing Development Fund Companies (HDFC) through the combination of an HPD rule change and a financing scheme devised by HDC. This paper states the position of Cooperators United for Mitchell-Lama (CU4ML) regarding this plan.

CU4ML views the proposed conversion of any ML cooperative to HDFC organization through Article XI of the PHFL as detrimental to all the major parties involved, including most importantly: [1] current cooperators who remain in residence; [2] the cooperative as limited-equity housing for a diverse community of residents; [3] would-be cooperators on the waiting lists; and [4] New York City and its taxpayers, who have subsidized and would continue to subsidize the cooperatives by abatement of the municipal real estate tax.

Only a thin slice of New Yorkers would benefit from such a conversion, namely, current shareholders who move out immediately following conversion either by selling their apartments at prices much higher than ML equity or by passing them to their children, who thereby acquire the (now much higher-priced) apartments with no payment to the corporation. A windfall profit for such families is the principal driver of the attempts to privatize ML cooperatives, and it is inescapable that exactly the same people would reap that windfall by conversion through Article XI as through privatization.

On March 29, 2012, the shareholders of Cadman Towers, a moderate- and middle-income ML cooperative in Brooklyn, were offered a “restructuring plan” designed by HDC that would withdraw Cadman Towers from the ML Program and reconstitute it as an HDF Company under PHFL Article XI. In the plan, the lowest post-conversion apartment sale price is projected as three to ten times greater than the highest price of any ML cooperative apartment in New York City. This kind of loss of ML housing does not match the purpose of PHFL Article XI. Article XI establishes Housing Development Funds to enable seriously deteriorating housing to be converted to habitable, well-managed housing affordable for low-income households, families with incomes well below Area Median Income (AMI).

[1] Impact on current cooperators who remain in residence

HPD's Article XI conversion regulation §3-14(i)(15), adopted in December, 2011, indicates that a simple majority of current shareholders would be required to vote approval of restructuring before it can be effected. To be consistent with all other such votes in Mitchell-Lama cooperatives, this conversion would have to require a 2/3 majority vote for shareholder approval.

a. Shareholders would not be protected by the Martin Act

A major deficiency of such "restructuring" conversions would be the failure to require a Martin Act-mandated disclosure review by the State Attorney General's Office (AGO) to protect current shareholders and future purchasers. There is also no provision to ensure that shareholders would be allowed an opportunity to comment on the plan prior to the vote. Relative to privatization, the process of conversion to HDLC is treated casually, even though it is an equally drastic change in the organization of the cooperative and the price of its apartments' shares.

b. Shareholders would be misled about income to the cooperative (see also [2], below)

The shareholders will be told that the conversion will enable the cooperative to afford major capital improvements without burdensome charges (maintenance or assessments) to shareholders or loss of affordability of their homes. In the example plan (for Cadman Towers), a loan and a grant from HDC would provide almost all of the support for Major Capital Improvements (MCIs). Flip taxes paid by new shareholders would also provide funds for that purpose, but actually only a small (see [2], below) and variable fraction of the amounts needed. Other financial needs would be met by a 17.8% increase in maintenance charges, to be borne by continuing (and new) shareholders for the foreseeable future. Most of the increase would be needed to compensate for the elimination of over-income surcharges (ML rule §3-03(b)), which currently account for 11.4% of Cadman's income from shareholders, when cooperators are charged the increased base maintenance regardless of household income.

c. Shareholders would be misled about transfer taxes as a cost of conversion

The City and State tax agencies have ruled repeatedly that conversion of a ML cooperative to a cooperative that allows far higher apartment prices represents a taxable property transfer because it results in a significant change in the benefits of ownership. The Cadman shareholders would not be told that the Real Property and Real Estate Transfer Taxes of NYC and NYS, respectively, would be imposed. No mention of these taxes appears in the plan. These taxes should be disclosed as a sizeable cost of the process of conversion before the shareholders are asked to vote on acceptability of the plan.

[2] Impact on the cooperative development

The restructuring plan for Cadman Towers is not straightforward. It misrepresents the reason for withdrawal from ML; the true, net value of apartment flip taxes; and the severely reduced affordability of the housing and diversity of the community.

a. Eligibility for HDC assistance does not require withdrawal from ML

The restructuring plan implies that eligibility for HDC financial assistance requires withdrawal from the ML Program. Through the ML Preservation Program, a ML development may obtain a grant of several million dollars for major capital improvements and/or refinance its mortgages with minimal impact on monthly charges. Withdrawing from ML has not been a condition of eligibility for such help; on the contrary, one condition is that "... owners and/or cooperative corporations are required to keep their buildings within the Mitchell-Lama Program." *See HPD web site, section Mitchell-Lama Preservation Program, Frequently Asked Questions, question 2; see also questions 3 and 4.*]

b. The true, net value of flip taxes would provide very little support for the HDC funding of major repairs

The 30% "transfer tax" (better known as "flip tax") to be levied on apartment sales is purported to benefit the HDFC cooperative by providing funds for major capital improvements (MCI). However, enhancement of the cooperative's revenues sufficient for this purpose is illusory. The net value of annual flip tax revenue should be calculated as flip tax revenue projected minus revenues lost as a consequence of conversion. For Cadman Towers, the major annual revenue losses would be shareholder surcharges (\$450,221 in 2011) and excess equity paid by purchasers as First Sales Assessments (\$164,149 in 2011), a total of \$614,370 in 2011. Thus:

net annual flip tax = gross flip tax (\$858,246) minus lost surcharges minus lost excess equity

net annual flip tax = \$858,246 minus \$450,221 minus \$164,149 = \$243,876

This amount would not contribute a significant proportion of the millions needed for MCIs.

Gross revenue would vary from year to year and cooperative to cooperative, depending on the number of sales and the prices of apartments—speculative values that are certain to fluctuate widely. In the example plan for Cadman Towers, the projected net revenue to the coop is only 28.4% of the gross revenue and only 8.5% (30% of 28.4%) of the sale price. As a source of funds for MCI's, this yield from flip taxes would be so inadequate that the restructuring scheme is pointless.

c. Both affordability of the housing and diversity of the resident communities would be greatly reduced

The generally accepted meaning of “affordable housing” in 2012 is housing that consumes no more than 30% of household income. The annual cost of housing for the vast majority of ML cooperators is base maintenance charges (which include payments on the cooperative’s mortgages) plus utilities if not included in maintenance. Initial ML equity (“apartment price”) is typically five- to seven-fold lower than market rate for comparable housing, and was (and still is) paid off by most of today’s ML cooperators upon or shortly after entry into occupancy.

Today, the annual cost of a two-bedroom+ apartment at Cadman Towers is \$10,092, which is 30% of \$33,640, the annual income needed to afford the apartment. Assuming (as in the plan) that the new shareholder of that apartment after conversion would need to borrow 90% of the equity, the annual cost of that same apartment would become \$11,880 (maintenance) plus \$14,964 (personal mortgage payment) = \$26,844. Consequently, the annual household income needed to afford this same apartment would become \$89,640, an increase of nearly three-fold — a three-fold loss of affordability, for this and every other Cadman apartment.

Narrowing affordability would exclude large sections of working New Yorkers from eligibility for cooperative housing currently in ML. In addition, removing cooperatives from the ML Program would eliminate the mandatory waiting lists organized, under ML rules, by random lotteries. The waiting lists have ensured non-discriminatory sales policies and preserved diversity of the resident communities. Loss of these waiting lists would enable discriminatory sales practices in housing developments that today are the most open, integrated moderate- and middle-income communities in the United States.

We believe that HPD and HDC have a responsibility to protect not just affordability, but also diversity in housing under their supervision. To eliminate ML cooperatives through any path, whether privatization or Article XI HDFC, is to fail to meet that responsibility.

[3] Impact on would-be cooperators on the waiting lists

Mitchell-Lama cooperatives are such desirable housing that they have not accommodated the flood of eligible applicants. A lottery system was instituted to place applicants on waiting lists, which have moved slowly for the simple reason that people don’t move out. Consequently, many applicants have waited eight years or more to be allocated a ML apartment in the expectation that secure and affordable ML cooperative apartments would eventually become available.

Conversion to HDFC would eliminate the waiting lists, which would be a regrettable breach of faith with the public.

[4] Impact on the taxpayers of New York

The Shelter Rent paid by Mitchell-Lama cooperatives in lieu of real estate taxes is 4.5 to 5.5 times lower than ordinary real estate tax in NYC. For a coop such as Cadman Towers, shelter rent is about \$400,000 per year, whereas real estate tax would be more than \$2 million. The difference constitutes a sizeable subsidy that was justifiable as long as Cadman, like the other ML cooperatives, served the “public purpose” for which the Program was established by the PHFL, namely, rehabilitating and rejuvenating neighborhoods by providing housing affordable for moderate- and middle-income New Yorkers, including people with incomes below AMI. Converting a ML cooperative to a development that excludes those people would remove that justification, and profit-taking by ML cooperators upon move-out would be an indefensible and undeserved reward for having enjoyed the subsidy for decades.

According to the HDC plan, Cadman apartments that are today affordable for families whose income is below AMI would become affordable only for households with incomes above AMI. If this proves typical of ML-to-HDFC conversions, then one projected consequence would be a significant loss of housing affordable for current and would-be cooperators, and for all New Yorkers in similar occupations as these people.

CONCLUSION

It is the considered opinion of CU4ML that the conversion of any Mitchell-Lama cooperative to a Housing Development Fund Company through Article XI would be contrary to the interests of current cooperators and applicants on waiting lists, as well as to almost all the people of New York.

Except for continuing the real estate tax abatement, the scheme proposed for the conversion of ML cooperatives to unaffordable HDFC cooperatives differs very little from privatization of the ML cooperatives. It shares the most undesirable features of privatization: it drastically reduces affordability and diversity, provides only a fraction of the cost of major capital improvements, and is intentionally short-sighted, with a high net flip tax available to the cooperative for only one generation of apartment sales. CU4ML finds that there is no defensible reason to effect such conversions and views them as impractical, pointless, and unfair to New York and New Yorkers.

We also hold that these conversions would be an abuse of Article XI, which serves a different, and valuable, purpose from that which would be accomplished by ML-to-HDFC conversions. We urge that plans for converting ML cooperatives to HDFC cooperatives be abandoned and that the recent amendment to the ML rules [3-14(i)(15)] allowing such conversions be rescinded.

Bargains With a 'But' - Affordable New York Apartments With a Catch

By MICHELLE HIGGINS JUNE 27, 2014

A four-bedroom on the Upper West Side listed for \$875,000 has been languishing since December. A \$385,000 two-bedroom in Manhattan Valley has been available for six months. And a studio in Chelsea with a \$299,000 price tag only recently went into contract after nearly a year and \$60,000 in price cuts.

In this extremely tight real estate market, when practically any listing is snapped up instantly, why are some of the city's most affordable apartments struggling to find buyers? It's because they belong to a small and quirky breed of co-op that requires buyers to meet income caps, yet have significant assets on hand — a tall order for most.

"It's a Catch-22, since they can't earn more than a certain amount, but cannot qualify for financing at that income unless they make a massive down payment," said Christopher J. Stanley, an associate broker with the Corcoran Group, who recently sold a \$510,000 one-bedroom in Hell's Kitchen that required the buyer to pay in cash yet earn no more than \$67,000 a year. "Everybody wanted to buy, but most people could not qualify."

Welcome to the world of what is known in real estate as the H.D.F.C., or Housing Development Fund Corporation — a form of co-op housing intended for low-income New Yorkers. The bulk of these income-restricted co-ops came into being after thousands of derelict apartments were seized by the city in the late '70s. The city began fixing up the buildings, then allowed tenants to buy them for nominal amounts and turn them into low-income co-ops. The buildings were concentrated on the Lower East Side and in Upper Manhattan, Brooklyn and the South Bronx.

Originally, the apartments were sold to residents for just \$250 each. To keep them affordable, income ceilings were imposed on resales, as were hefty flip-tax provisions to help deter anyone looking to make a quick profit. In return, tax subsidies helped keep maintenance low. Today, there are an estimated 25,800 of these apartments across some 1,200 buildings, according to the New York City Department of Housing Preservation and Development.

In the past, the apartments were resold for moderate amounts. But over the last decade, as some once-blighted neighborhoods became more desirable, the script changed. Resale listings popped up for \$300,000, even \$800,000, putting them out of reach of most low-income buyers. In rare cases the apartments have gone for more than \$1 million.

At the Grinnell, a century-old building topped by corner towers at 800 Riverside Drive, a nine-room income-restricted apartment sold for \$2.025 million in March — \$30,000 above the \$1.995 million asking price. At these prices, it's reasonable to wonder: Who can afford to buy these apartments with a limited income? Increasingly, brokers and housing advocates say, the answer is retirees, young people receiving help from their families, middle-class workers with a sudden inheritance and others who qualify on paper for the income caps but have significant assets.

"I've seen every permutation," said Lee-Ann Pinder, a real estate agent with Citi Habitats, who has worked on a number of income-restricted deals over the last six years. They included buyers who "had a change in circumstance in their life" and buyers who had sold property and were going back to school, she said.

Otherwise, "If you've got an income cap of \$72,000 for an individual, and they are supposed to buy a property for \$400,000, how's the math going to work?" she said.

Gary Cowling, an actor and teacher who purchased the Hell's Kitchen apartment listed by Mr. Stanley of Corcoran for \$510,000, had saved some money by living frugally in a rent-controlled apartment. He came into a small inheritance after his parents died that allowed him to pay cash — a crucial factor in closing the deal, as the co-op lacked some financial records required by banks for lending.

"You needed to be income poor, but savings rich," said Mr. Cowling, who met the \$67,000 income cap. "Acting and teaching does not make a lot of money."

A West 54th Street one-bedroom is for sale; maximum income for two, \$119,000. Credit Image by Andrew Renneisen/The New York Times

Higher resale prices help Housing Development Fund Corporations to keep maintenance fees low. Many H.D.F.C. co-ops impose flip taxes on resales of as much as 30 percent, with the money going back into building coffers for roof repairs, facade work and other maintenance issues. With Mr. Cowling's purchase, for instance, the co-op received 30 percent of the seller's profit on the \$510,000 sale.

"I think H.D.F.C. boards are really trying to keep it for affordable-housing buyers," said Karen D. Shenker, an associate broker with Corcoran who has sold 46 income-restricted apartments since 2007. "On the other hand, they also need to sell at a particular price point that can help build the co-op reserves so they can survive as an H.D.F.C."

And who would blame a seller for trying to capitalize on his or her investment? Francisco and Cynthia Waltersdorfer bought an income-restricted apartment three years ago in Morningside Heights when they were budding architects, fresh out of graduate school. "One of the bathroom walls was stiffened with packing tape," recalled Mr. Waltersdorfer, who now works for a Manhattan firm. "A portion of the ceiling was falling apart."

But at about \$270,000, the price was right, and as architecture students, they had the know-how to fix up the apartment. To gain more living space, the couple turned the small two-bedroom into a large one-bedroom. They also invested roughly \$100,000 in upgrades, including plumbing and electrical work and kitchen and bath makeovers.

Now, with a toddler and a newborn in tow, they have outgrown the place and need to sell. The building's income cap is fairly generous, allowing a buyer to earn as much as \$225,000 for one or two people. The maintenance, \$450 a month, is low, and the flip tax is just 3 percent of the sale price, as opposed to the 30 percent charged by some income-restricted co-ops. But finding a buyer hasn't been easy.

With a listing price of \$459,000, they hope to clear enough cash on the deal to recoup their investment and have enough for a down payment for a larger space. "Hopefully the right person will come along and buy it," Mrs. Waltersdorfer said.

"Sellers of all stripes are going to try to get the best and highest price for their properties," said Scott Harris of Brown Harris Stevens, the listing broker for an \$875,000 four-bedroom at 72 West 88th Street, a walk-up building near Central Park. His clients bought the unit for a nominal sum when it turned co-op in 1997, he said.

Interest has been high, with roughly 250 inquiries, 80 showings and 15 offers over the course of the past 7 months, Mr. Harris said. But the offers either were too low or didn't work out because the buyers couldn't qualify for a loan or didn't quite meet the income requirements, which are capped at 165 percent of the area median income or \$141,735 for a family of four. Though the apartment needs work, Mr. Harris noted, "in a building with an elevator, without the rigors of income caps, this is likely worth two times this asking price."

The idea that these apartments would sell for anywhere close to today's prices was beyond belief some 40 years ago when the city started using foreclosure to combat the wave of abandonment that blighted many neighborhoods, said Andrew Reicher, the executive director of the Urban Homesteading Assistance Board, a nonprofit organization, known as UHAB, that provides training, technical and development services to create, sustain and preserve this type of cooperative housing.

Tenants who banded together and purchased buildings from the city were bound by income restrictions, which varied depending on the type of government subsidy with which the co-op was created and also when it was formed. One common standard is to cap incomes at six or seven times the annual maintenance plus a factor for utilities, depending on the number of people in the household. Another is to cap buyer earnings at some percentage of the area median income. But there have been few outright restrictions on resale prices.

Even though many income-restricted apartments are still below market rate, Mr. Reicher of UHAB said, "you do see prices that are much higher than what you would think of as affordable housing.," he said. "We don't think that's in keeping with the purpose and intent of H.D.F.C.'s."

Some income restrictions come with term limits that range from 10 to 40 years. When the term is up, the co-op must agree to continue the old income restrictions or adopt new ones, but price restrictions are typically not required.

Mr. Reicher's group has been calling for consistent price caps on resales and for consistent income restrictions across all Housing Department Fund Corporations. In exchange for stricter regulations, including maximum resale prices, for example, buildings could receive a more substantial tax subsidy. At least 50 newer income-restricted buildings have been created with such price caps in recent years, Mr. Reicher said. And there have been other steps toward regulation.

After taking over a derelict building, the city now uses a "third-party transfer" to turn the building over to a nonprofit group like UHAB or to a for-profit developer. A couple of years ago, the Department of Housing Preservation and Development added a price cap based on bedroom size and year sold for new H.D.F.C. co-ops created through this program.

Some of the price creep has been a natural function of H.D.F.C. bylaws. In buildings where the income cap is based on a percentage of the median income and the neighborhood has become more affluent, prices have risen accordingly. "As Harlem, the Lower East Side and Williamsburg have become more gentrified, incomes have gone up," said Tracie Hamersley of Citi Habitats, who has sold several income-restricted units over the years. As a result, these apartments are "attracting a different group of buyers that might be making more money than 5, 10, 15 years ago," she said.

Heather Tierney, a designer and restaurateur, recently accepted an offer at the full asking price of \$450,000 for her Lower East Side loft, which has an income restriction of \$63,072 for one person or \$69,084 for two people. She bought the unit, a fifth-floor walk-up, 10 years ago for \$299,500. "I was a writer for a magazine and I made no money," she said.

Thanks to a good credit score and a borrowed down payment from a grandfather, she was able to qualify for an adjustable-rate mortgage.

"When I first moved in, it was a lot of original tenants," Ms. Tierney said. "Now it's a bunch of young people — young professionals, young couples, mainly single people."

But with her business expanding to Los Angeles, she is looking for a place to live there. Without the proceeds from her New York apartment, she said, she wouldn't be able to buy in California.

"A little one-bedroom bungalow shack is like a million dollars out here," she said.

Not every H.D.F.C. apartment is going for half a million dollars. At uhab.org/homeownership, where UHAB announces listings in H.D.F.C. co-op buildings, resale prices are around \$30,000 a room; the organization generally does not post listings for units more expensive than that. For example, recent listings in the Bronx ranged from \$25,000 for a one-bedroom to \$75,000 for a three-bedroom. In some newly converted buildings, an apartment can cost as little as \$2,500.

As with any real estate purchase, buyers must do their research. If the price seems way too low or an apartment has been lingering on the market for many months, ask yourself a few questions, said Ms. Pinder of Citi Habitats. "Why is it priced this way? Nine times out of 10 it might be something financial," like a lack of reserves for maintenance problems. Even if the co-op is in good financial shape, a lack of reports and board minutes can mean banks won't lend to buyers. And some apartments may simply be overpriced.

"As long as they are financially sound and they are well priced, they will fly off the shelves," said Karen D. Shenker of the Corcoran Group. Last month, she listed a renovated three-bedroom in Harlem for \$300,000 with income caps ranging from \$70,500 for one person to \$108,750 for five. The first open house drew more than 100 people and multiple bids. Within a week, the apartment had an accepted offer for more than 10 percent above the asking price. Yet, even at the higher prices, many income-restricted apartments are still a bargain. And for those who can qualify, the apartments are a godsend.

After a determined six-month hunt, Anna Steegmann was considering giving up her search for an income-restricted H.D.F.C. apartment. While she met the income cap of \$72,150 for one person, she had been outbid for a \$315,000 three-bedroom in an elevator building in Harlem. "It's hard," said Ms. Steegmann, who is 60 and teaches writing for social sciences at the college level. "If you're a low-income person, how are you going to have \$315,000 in cash?"

Then her mother died, leaving her a small inheritance that opened up her options. The buyer who had outbid her backed out and Ms. Steegmann stepped in, offering the full asking price of \$315,000 in cash. She closed on the place in April. "It's a good old-age apartment," she said, pointing out that the split-bedroom configuration will suit a live-in nurse if needed down the road.

"Now my retirement is secure," she said, noting the building's tax subsidy should keep maintenance fees low. "I don't think I'll live another 30 years, but if I do, I can stay in New York City. I'm not going to be forced to leave if I don't want to leave."

A version of this article appears in print on June 29, 2014, on page RE1 of the New York edition with the headline: Bargains With a 'But'.

NY City Council Hearing on HPD Mitchell Lama Developments
Monday February 29, 2016 @ 10 am
Brooklyn Borough Hall

Good morning/afternoon. My name is Pamela Lockley. I am a resident of Linden Plaza . I testify today, as a co-Chair of a new organization named **MAAC**, which stands for the *Mitchell Lama Accountability and Action Coalition*.

As President of the *Linden Plaza Tenant Association Council*, I will also testify on behalf of the 1,525 families in Linden Plaza. The focus of my testimony today is: management companies with established histories of mismanagement; tenant harassment; tenant association and co-op board election interference and other troubling and illegal behaviors.

In 2007, the NYS Inspector General issued a report that highlights mismanagement of Mitchell Lama properties. While this 2007 report reflects failures within DHCR's Mitchell Lama properties, there is no doubt that HPD surpasses DHCR when it comes to lack of adequate supervision over management agents and housing companies.

In October 2015, Senator Jeffrey Klein issued a report called the "Dirty Dozen". Linden Plaza was listed as one of the "Dirty Dozen" properties. HPD entrusted RY Management with over 52 million dollars for our renovations in 2008. But, it is clear by Senator Klein's Dirty Dozen

report and the NY Daily News' November 2014 article that lists Linden Plaza's owners as one of the city's "worse landlords", the \$52 million dollars approved by HPD, was misappropriated and is still unaccounted for.

Unfortunately, Linden Plaza tenants are not the only tenants with mismanagement complaints. HPD rewards certain management companies by blindly approving their management contracts that come up for renewal, despite HPD's knowledge that these companies are not providing a safe, sanitary and decent place for tenants to live.

HPD's rules found in: *Rules of the City of New York- Title 28; Chapter 3- §3-10 (7)(f)*, it states: "no (rent) increase will be granted where in the *discretion of HPD* the owner of a rental development is not *substantially maintaining* essential services". Despite the number of serious outstanding violations in certain properties for: vermin, mold, floods, elevator breakdowns, lack of heat, etc., HPD feels that it is ok for tenants to be subjected to these unhealthy and unsafe living conditions and to increase their rents at the same time.

Regarding management company interference, HPD ignored complaints by tenants living Marcus Garvey Village, where the President of the management company contacted the newly elected tenant leaders and informed them the old tenant leadership will remain in office "as long as I

am President of this company". Only a management company with undue influence over HPD is bold enough to tell tenants their election of new tenant leadership was meaningless and will not be recognized by the owners.

In cooperative developments, shareholders with complaints regarding co-op board actions and elections, HPD has taken no action in resolving those disputes. While it is understandable that HPD cannot resolve all co-op board conflicts, conflicts that arise from obvious violations of the by-laws, Mitchell Lama laws and rules, HPD must intervene to resolve those conflicts.

I hope my testimony today, convinces the NY City Council to provide an administrative process for tenants and shareholders, within the City Council to file complaints against owners and management companies that violate their rights.

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February 29, 2016

Mary de Suze
Brooklyn, New York

Re: Testimony – New York City Council – Public Hearing on Mitchell-Lama

My name is Mary de Suze. I am a member of MAAC, a newly formed origination.

MAAC is the acronym for Mitchell-Lama Accountability and Action Coalition. I am also ~~hear~~ *here* on behalf of the residents of Linden Plaza located in the East New York section of Brooklyn.

The City of New York does not have a grievance and compliant process or policy for Mitchell-Lama rental tenants and cooperators.

My husband and I have been residents of Linden Plaza for the past 37 years. The Mitchell-Lama program gave us the opportunity to have a safe and decent place to live at below market rents.

All of this changed on April 9, 2008 when the owners refinanced the mortgage. Management sent a letter telling us nothing would change and the day to day operation of *the* development would stay the same. This turned out not to be true, in a matter of two years my below market rate apartment went from affordable to unaffordable housing when the owners began charging illegal rents.

My husband and I have always paid the maximum permission rent established for the Mitchell-Lama program. Between 2008 and 2010 our out of pocket rent increased by \$600 dollars. Rent this excessive are prohibited under Mitchell-Lama law, Rent Stabilization, and Rent Control. Rent this excessive is also prohibited under federal law for apartments not covered under a HUD project based contract.

HPD and the new owners blame \$50 million dollars in need repairs and renovations for the excessive rents. HPD was supposed to make sure the Mitchell-Lamas in its portfolio were well maintained in a cost effective manner. This \$50 million dollar figure was never confirmed.

There are many unanswered questions regarding the work that was done, the work that was never done, and the necessity for a 93% rent increase.

Many of my friends and neighbors were priced out and had to leave due to these excessive rents.

There is no real accountability during these multi-million dollar mortgage transactions, or a grievance process for renters or cooperators.

I, like many of my friends and neighbors know there is a grievance and complaint process for tenants residing in Rent Stabilized and Rent Controlled buildings. There is an official complaint process and forms online for Rent Stabilized and Rent Controlled tenants. If a tenant does not have access to a computer, HCR provides help for those tenants at Gertz Plaza. Also DHCR has launched a complaint line for tenants of State-supervised Mitchell-Lama properties (both rental and cooperative). This service is available to those tenants 24 hours a day.

But we found there is no complaint process for City aided Mitchell-Lama rental tenants and cooperators. There is no written complaint policy, tracking system, or complaint resolution system. There is no written grievance or complaint process for tenants to challenge HPD's rent order once it has been approved. Tenants living in HPD Mitchell-Lamas are not offered a process for filing their individual complaints about rent overcharges, management harassment, repair work that was never done, unhealthy, and unsafe living condition.

HPD's remedy for everything is an Article 78. By law an Article 78 is the last resort for individuals who have exhausted an agency's administrative process. Because most Mitchell-

Lama tenants cannot demonstrate to the court that they exhausted all administrative procedures, their Article 78's are doom to fail; no matter how creditable the complaint.

MAAC would like to recommend on behalf of all City aided Mitchell-Lama renters and cooperators, that the NYC Council coordinate with DHCR to immediately accept and process tenant complaint from City aided Mitchell-Lama renters and cooperators. We are also requesting transparency for the millions of dollars that have been allocated to Mitchell-Lama developments by the Governor.

Thank you for allowing me the opportunity to bring these very important and serious issues to this committee.

My name is Jane Lockley and I am a member of a new organization by the name of M.A.A.C. The acronyms M.A.A.C. stand for Mitchell-Lama Accountability and Action Coalition. I am also here as the secretary for Linden Plaza Tenant Association Council and both organizations are located in Brooklyn, New York.

The issue I wish to testify about is HPD Succession Rights Procedures. It is clear HPD Succession Rights were created to prevent those not on the waiting list from taking residency in Mitchell-Lama apartments.

HPD requires the person asking for Succession Rights must first- have resided in the apartment for 2 years and 1 year, if you are a senior citizen. Second – the person asking for Succession Rights must be listed on the Income Affidavit for the appropriate time prior to the tenant of record vacating the apartment.

According to HPD's rules and regulations for Succession Rights, Section 235F of The Real Property Law is the foundation for HPD to determine who is a tenant and who is an occupant. It is from these rules, HPD determines who in the household has to request Succession Rights when the tenant of record leaves the apartment and who automatically is entitled to become the new tenant of record.

However, a review of HPD determinations for Succession Rights reveals HPD is not following their own rules, regulations and Section 235F of the Real Property Law. Section 235F is clear if the person remaining is a party to the lease or occupancy agreement and the party required to pay the rent. This person does not have to apply for Succession Rights and is legally considered the tenant according to HPD rules and Section 235F. In contrast, an occupant must apply for Succession Rights

Despite this knowledge and practice, HPD, when it serves their purpose, will ignore without explanation, these very basic laws and rules. As a person who is directly affected by HPD's refusal to follow their own rules and the law, I came today on behalf of myself and hundreds of others HPD Mitchell-Lama residents to ask for immediate accountability and oversight of HPD by the New York City Council.

In conclusion, M.A.A.C. would like to recommend the City Council should supervise and monitor HPD since it is apparent that HPD is incapable of operating efficiently.

Submitted by Jane Lockley, who resides in
Linden Plaza

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TESTIMONY FROM MONICA STURGE

My name is Monica Sturge. I am a member of the Brooklyn Mitchell Lama Task Force (BMLTF) that was formed in 2000 at the pleasure of the Brooklyn Borough President and Mitchell Lama Action and Accountability Coalition (MAAC) that was formed in 2015. MAAC was formed by residents from various ML developments to address the various issues involving the supervisory agencies "HPD" and DHCR" failing to adequately address the concerns of ML tenants and coop owners. I have lived at my residence for the past 42 years.

Generally speaking, HPD and DHCR have shirked their responsibility by not properly monitoring the financials and maintenance of ML developments and ignoring complaints of ML residents regarding (1) the lack of transparency by coop boards to its shareholders (2) inflated and downright fraudulent budgets being produced at rent hearings "residents pay for the same capital improvements several times (3) by ignoring shareholders petitions that ask boards not to encumber their properties with scandalous mortgages loans before seeking grants that are available (4) hiring managing agents and attorneys who have been cited for gross mismanagement in the State of New York Office of the Inspector General "An In- depth Report Of the Division of Housing and Community Renewal (DHCR) Oversight of the Mitchell Lama Program dated 2007" and the recommendations thereof (5) Ignoring recommendations cited (see) City of New York Office of the Comptroller - Office of Policy Management Audit Report dated 2/18/2004 entitled "Affordable No More." (6) shareholders having to seek redress through the courts to enforce their Petitions and/or requests for proper elections and removal of board members (according to the coop bylaws, BCL and HPD and DHCR Rules and Regulations) (7) several buildings (too numerous to mention) being converted to market, and tenants having been evicted because of the astronomical rent increases (8) lack of accountability for missing shares in coop developments (9) illegal conversion of ML housing to other types of housing that are not beneficial to the residents.

Some of the other complaints have come to us is the fact that the Housing Court has to be revamped because it does not allow the myriad of problems in ML developments to be adequately addressed (see Article attached) Tenants find it difficult to navigate the court system when inappropriate and erroneous non -

payment actions are brought against them. They cannot appeal decisions made in the lower court because they may not have the funds to post bonds. It is not fair to them.

According to ML regulations, Mitchell Lama was built as the bastion of affordable housing, however, sadly, that fact has eluded our state and city supervisory agencies over the years and some of the residents of ML are now paying well above the affordable housing (30%) requirement for rents and maintenance. Boards and Landlords were supposed to maintain ML properties in a cost effective manner, however, they have ignored their responsibility. They have continued to encumber properties, and the supervisory agencies have looked the other way and not taken their responsibility seriously. Developments are lucky to see Field Reports (as is the requirement) once every two years (again refer to the 2007 I.G. Auditors Report) since most of their recommendations still exist today.

MAAC would like to recommend that the State and City Legislators should supervise the supervisory agencies under their domain since they are apparently incapable of doing so. We would also recommend that all ML's should be audited for the years 2010 to 2016. We are also requesting transparency for the millions of dollars that have been allocated to ML developments by the Governor and what was the criteria used for allocating those funds. MAAC would also like State and City agencies to offer Article X1 to all Mitchell Lama Developments, because it is not fair, and we are not "greedy" for expecting our equity to increase after living in some of these developments for 40 years plus.

I thank you for this opportunity to address the hearing committee to give my testimony.

**State of New York
Office of the Inspector General**



**An In-Depth Review of the
Division of Housing and Community Renewal's
Oversight of the Mitchell-Lama Program**

September 2007

**Kristine Hamann
State Inspector General**

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Wednesday, September 19, 2007

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REVIEW BY STATE INSPECTOR GENERAL FINDS DHCR FAILED TO MONITOR MITCHELL-LAMA PROGRAM

State Inspector General Kristine Hamann today released the results of an in-depth review by her office concluding that the New York State Division of Housing and Community Renewal's monitoring of the Mitchell-Lama affordable housing program and enforcement of its own regulations were deficient on a broad scale.

The IG's report, "An In-Depth Review of the Division of Housing and Community Renewal's Oversight of the Mitchell-Lama Program," describes the results of an examination that revealed fundamental deficiencies in DHCR's oversight of the Mitchell-Lama program during the period January 2003 to October 2006. The IG's office began its review in response to numerous complaints from residents and others that pointed to systemic problems in DHCR's oversight role.

Inspector General Hamann stated: "Rather than safeguarding the integrity of the program, DHCR, through its own shortcomings, allowed housing companies to flout rules regarding apartment allocation, financial reporting, and contracting. DHCR's deep and systemic failures resulted in increases in charges to tenants and the allocation of apartments to unqualified applicants at the expense of those legitimately entitled to those same apartments."

Inspector General Hamann emphasized that DHCR Commissioner Deborah VanAmerongen, who was appointed to her position in February 2007, immediately began to address problems at the Division and has already initiated significant reforms. Hamann noted that VanAmerongen accepted the recommendations contained in the report and has begun to implement a plan that will strengthen DHCR's oversight of the Mitchell-Lama program.

Commissioner Deborah VanAmerongen stated: "Governor Spitzer has made it clear that affordable housing is a top priority for his administration. As such, he wants to ensure that DHCR is as effective, transparent and accountable as possible, and I'm pleased to announce we have already made great strides toward that goal in a very short time. As the Inspector General noted, we have already initiated a plan to implement all the recommendations included in her report on oversight of the Mitchell-Lama portfolio. Today, I want to assure the public that Governor Spitzer and I are committed to building upon all the good work accomplished by the DHCR, while also initiating reforms that will make the Division a model of efficiency and accountability."

Since its inception in 1955, the State's Mitchell-Lama housing program has provided affordable rental and cooperative apartments for hundreds of thousands of middle-income New Yorkers. The majority of Mitchell-Lama developments are located in New York City, where the program is especially important to middle-income families who, while not qualifying for federal government housing vouchers, struggle to pay market-rate rents. Currently, the Mitchell-Lama program encompasses some 189 building complexes containing 80,000 apartments, both rental and cooperative, owned by private housing companies. These companies receive tax exemptions and government-financed low-interest loans in exchange for agreeing to charge rental and purchase prices well below market rates. DHCR is responsible for enforcing rules and regulations to ensure the efficient and fair operation of the program.

The Inspector General's review examined DHCR's oversight of, and housing companies' compliance with, tenant and cooperative owner selection rules at three building complexes: Cathedral Parkway Towers and Westview Apartments, rental developments in Manhattan and Roosevelt Island, respectively, and Towers of Bayridge, a cooperative in Brooklyn. In addition, at Co-op City in the Bronx, the Inspector General examined DHCR's oversight of contracting, budgeting and other financial issues. Finally, the review sought to determine if DHCR properly monitored the Mitchell-Lama complexes through its field staff, its complaint process and its review of required financial statements and reports.

The IG's review found that DHCR failed to enforce many regulations designed to ensure proper financial management and fair assignment of apartments. These failures included the lack of any formal system to monitor receipt and review of required documents, sloppiness in record-keeping, and inadequate supervision of employees. When DHCR Housing Management employees did perform their oversight functions, they were inhibited from properly doing so by incomplete agency policies and inadequate training.

Tenant Selection: Nothing is more important to the fair operation of the Mitchell-Lama program than the integrity of apartment waiting lists. At any given time, thousands of eligible applicants are on waiting lists, often waiting many years before being offered an apartment. The IG's review found:

- At Cathedral Parkway, of 79 tenants who either moved into the development or transferred into new apartments from January 2004 to August 2006, only one was submitted to, and approved by, DHCR, a stunning 99 percent non-compliance rate. The Inspector General's analysis of a random sample of 40 of the 79 revealed that 39 of the 40 were not eligible for apartments or transfers under DHCR regulations. None of the new tenants receiving apartment had been on a waiting list, nor did their files even contain an application form.
- At Bayridge, 59 applications were improperly inserted in the waiting list during the period 2002 to 2004. Despite the obvious nature of these insertions, the DHCR representative declared at the time that the Bayridge did an excellent job of maintaining the waiting list.
- In 2006, Cathedral Parkway granted apartments to individuals who were not on the waiting list, bypassing applicants who had been waiting for an apartment since 1999. When the manager was asked for an explanation, she said, "they just walked in and filled out applications and we gave them apartments."
- In numerous cases, eligible applicants were improperly dropped from waiting lists without explanation. At Bayridge, 263 applicants were removed from the list between April 2000 and September 2006. At Cathedral Parkway, approximately 125 individuals were removed. Interviews with a sample of those removed from the list revealed that most had been removed from the list with no explanation and without their knowledge.
- Apartments were granted to applicants without the required DHCR approval. Astonishingly, in 109, or fully 70 percent, of the 156 tenancies reviewed, apartments were granted although applications had not been submitted to DHCR for approval or had been submitted but returned as incomplete or denied.
- DHCR failed to detect unauthorized residents in Mitchell-Lama complexes because it conducted so few audits of apartment rent rolls, and those it did conduct were inadequate. For example, in a rent roll audit at Bayridge, DHCR failed to detect that the housing company listed 21 residents who no longer lived in the complex, including four who were deceased.

- In some instances, DHCR failed to enforce maximum income requirements for eligible tenants. For example, the maximum allowed for one apartment was \$83,000, while the income affidavit submitted by the tenant listed an income in excess of \$300,000. Since DHCR did not enforce its income requirements, the tenant pays a monthly rent of \$1,068.36

- While thousands of families waited their turn, DHCR's own employees who supervised the Mitchell-Lama program benefited from the program themselves. Of a randomly selected sample of 30 DHCR employees who live in New York City and are responsible for direct supervision of Mitchell-Lama complexes, 10, or fully 33.3 percent, resided in Mitchell-Lama developments or in complexes that recently bought out of the program, contrasted with 2 percent of New York City residents in general. The potential for abuse by DHCR employees in this situation is underscored by the arrest and conviction of Mark Marcucilli, Assistant Director of DHCR's Housing Management Bureau, the bureau directly responsible for oversight of the Mitchell-Lama program, and Jody Wolfson, DHCR's housing representative at Southbridge Towers, on federal charges relating to the unlawful occupancy and transfer of apartments at Southbridge, a Mitchell-Lama complex in lower Manhattan. DHCR lacked adequate controls to prevent conflicts of interest arising from DHCR employees residing in Mitchell-Lama complexes.

Financial Oversight at Co-op City: At Co-op City, the largest Mitchell-Lama development in the State, the Inspector General found a virtual abdication by DHCR of its oversight responsibilities on contract awards and other financial matters. In this vacuum, the housing company that operates Co-op City engaged in a number of acts of regulatory non-compliance, including a willful avoidance of DHCR contracting requirements.

In April 2007, following a joint investigation by the Inspector General's Office and the United States Attorney's Office for the Southern District, Iris Baez, a former president of Co-op City's board of directors was indicted on charges that she accepted nearly \$100,000 in bribes from a painting contractor who was awarded \$3.5 million in work without a contract and without any objection by the DHCR representative.

Other findings regarding Co-op City included:

- DHCR monitoring of contract procurement at Co-op City was seriously deficient. Our review sampled 47 Co-op City contracts executed between 2002 and 2006 with a total value of \$127.5 million and representing about 20 percent of the contracts during the period. In 40 of the contracts, valued at \$56.4 million, Co-op City failed to comply with DHCR procurement rules. Even more troubling, DHCR approved 21 of these contracts, despite the violations.
- DHCR paid little attention to Co-op City's financial statements or budgets. For the fiscal year ending March 31, 2004, Co-op City submitted its financial statement 253 days late; for the fiscal year ending March 31, 2005, it was delinquent by 210 days. DHCR did not review the 2005 statement until almost three months after its already-late submission and never reviewed the financial statement for 2004. Similar lapses occurred with respect to submission of proposed budgets.
- Performance bonds, though required by DHCR, were not obtained from some of the vendors hired to make multi-million dollar repairs at Co-op city. In one contract worth \$43 million, five DHCR employees, including the director of the Housing Management Bureau and the assistant commissioner, signed DHCR's approval form attesting, among other things, that the documents they were approving included the performance bond, which in fact did not exist.
- While Co-op City was in arrears to the New York State Housing Finance Agency in mortgage payments of \$152.8 million, HFA agreed to allow Co-op City to earn credits against these arrears for certain construction projects DHCR verified as completed. While HFA believed DHCR satisfied this agreement and granted \$111.6 million in credits, DHCR never in fact verified the work. Thus, \$111.6 million was awarded to Co-op City for construction work that DHCR never verified as having been completed.

Systemic Deficiencies in Mitchell-Lama Oversight: With respect to DHCR oversight of the Mitchell-Lama program in general, our review similarly found serious problems, including:

- DHCR field staff, the agency's primary point of contact with housing companies, was not properly trained or supervised, and failed to inspect housing complexes as required. During 2005, for example, 106 developments, or 54 percent of then active developments, did not receive the required number of field visits.
- In a particularly serious lapse, of 138 site-visit field reports DHCR staff prepared in the 2005-2006 heating season, 36 percent did not include the required examination of heating systems, even though 12 percent of DHCR tenants complained of inadequate heat.
- While DHCR said that complaints are the primary basis for auditing housing companies, it handled complaints in a manner that rendered the process nearly useless. DHCR officials said they did not see a reason for logging complaints because they received so many that there was not time to log them in or respond to all of them. When complaints were received, they were forwarded to the DHCR field representative assigned to the very housing company that was the subject of the complaint.
- DHCR failed to ensure that housing companies submitted required financial statements, proposed budgets, and other reports designed to detect potential financial mismanagement or abuses of authority. A random sample of 31 housing companies revealed that the majority had not submitted financial statements on time. Even when reports were submitted, DHCR failed to review many of them in a timely manner.
- Between 2004 and 2006, DHCR overlooked the failure of housing companies to submit required Tenant Selection Activity Reports, as the rate of companies' compliance with the requirement declined during the period from 70 percent to 45 percent.
- Seventy percent of housing companies failed to submit Identity of Interest Statements, required by DHCR as a means of identifying potential conflicts of interest in contracting. The DHCR employee assigned to track the submissions was given no guidance on what to do if companies failed to comply.

The IG's report included a number of recommendations to DHCR for improving its Mitchell-Lama oversight. DHCR's detailed responses to these recommendations are also contained in the report.

A number of issues relating to Mitchell-Lama housing companies and DHCR's oversight remain under investigation by the Inspector General's Office.

The Inspector General's report is available on the office's website at www.ig.state.ny.us.

For additional information, contact Stephen Del Giacco at (518) 474-1010.

ORDER OF THE COMMISSIONER
OF HOUSING AND COMMUNITY RENEWAL
HC-18

HARRY SILVER HOUSING, INC., hereinafter referred to as the "applicant", a limited-dividend housing company duly organized and existing under the provisions of Article IV of the Private Housing Finance Law, subject to the supervision of the Commissioner of the New York State Division of Housing and Community Renewal, owns and operates a limited dividend housing development known as Harry Silver Apartments in the City of New York, County of Kings, State of New York.

The said applicant filed an application dated August, 2013 in the office of the Commissioner of Housing and Community Renewal requesting that the present carrying charges be increased, because the present carrying charges, together with all the other income of the said applicant, are insufficient to enable it to meet the payments required to be made by the provisions of the Private Housing Finance Law.

Notice and application, together with Housing and Community Renewal financial projections, were given to the cooperators with a notification that written statements in opposition to the proposed carrying charge increase could be sent to the Commissioner. The purpose of such statements is to afford an opportunity for the cooperators or their representatives to refute, correct, supplement, or otherwise modify the allegations and figures contained in the statement, exhibits, and schedules attached thereto. A hearing was scheduled for September 8, 2014 at 828 Midwood Street, Brooklyn, New York at which the cooperators, their representatives, and representatives of the housing company had the opportunity to meet with HCR staff. All comments and submissions were reviewed by DHCR staff prior to this determination.

NOW, on considering the entire record, from which it appears that owing to causes beyond the control of the applicant, there have been and will be substantial increases in the cost of operating the development, including, but not limited to, the increased cost of maintenance and operating expenses; and that the present maximum average carrying charges are insufficient to meet such increases in costs and to make other necessary and authorized expenditures,

I FIND AND DETERMINE that, owing to causes beyond the control of the applicant, the present carrying charge rate is insufficient to enable it to meet, within reasonable limits, all necessary payments required to be made by the provisions of the Private Housing Finance Law and that such insufficiency cannot be corrected by reasonable economies in the management and operation of said development.

EXHIBIT
[A]
SEE REVERSE

I FURTHER FIND AND DETERMINE that the minimum increase in the maximum average monthly room carrying charges necessary to enable the said applicant to make the payments required to be made is \$41.16, including utilities. The increase authorized herein is not in excess of the minimum amount necessary to enable the housing company to make the payments required to be made by the provisions of the Private Housing Finance Law.

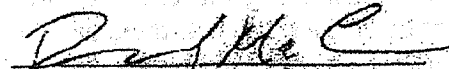
I, THEREFORE, AUTHORIZE the said applicant to increase the maximum average monthly room carrying charges in two stages as follows:

Effective April 1, 2015, by an average of \$20.58 per room per month, including utilities and,

Effective April 1, 2016, by an average of 20.58 per room per month, including utilities.

A review of the housing company's budget shall be completed at least 90 days prior to the implementation of second stage of the increase.

A copy of this order shall be transmitted to each cooperator to be affected at least five (5) days prior to April 1, 2015. Service shall be made in the manner prescribed by the Real Property Actions and Proceedings Law for the service of a notice of petition in summary proceedings, or by first-class mail.



Assistant Commissioner
Housing and Community Renewal

Dated: New York, New York

On this the 13th Day of February, 2015

DHCR failed in Their responsibility to
supervise resulting in unnecessary increases
and inflated taxes

DHCR response to OSC audit of Harry Silver:

This is in response to the Office of the State Comptroller's audit findings regarding the operations and oversight of Harry Silver Cooperative Apartments.

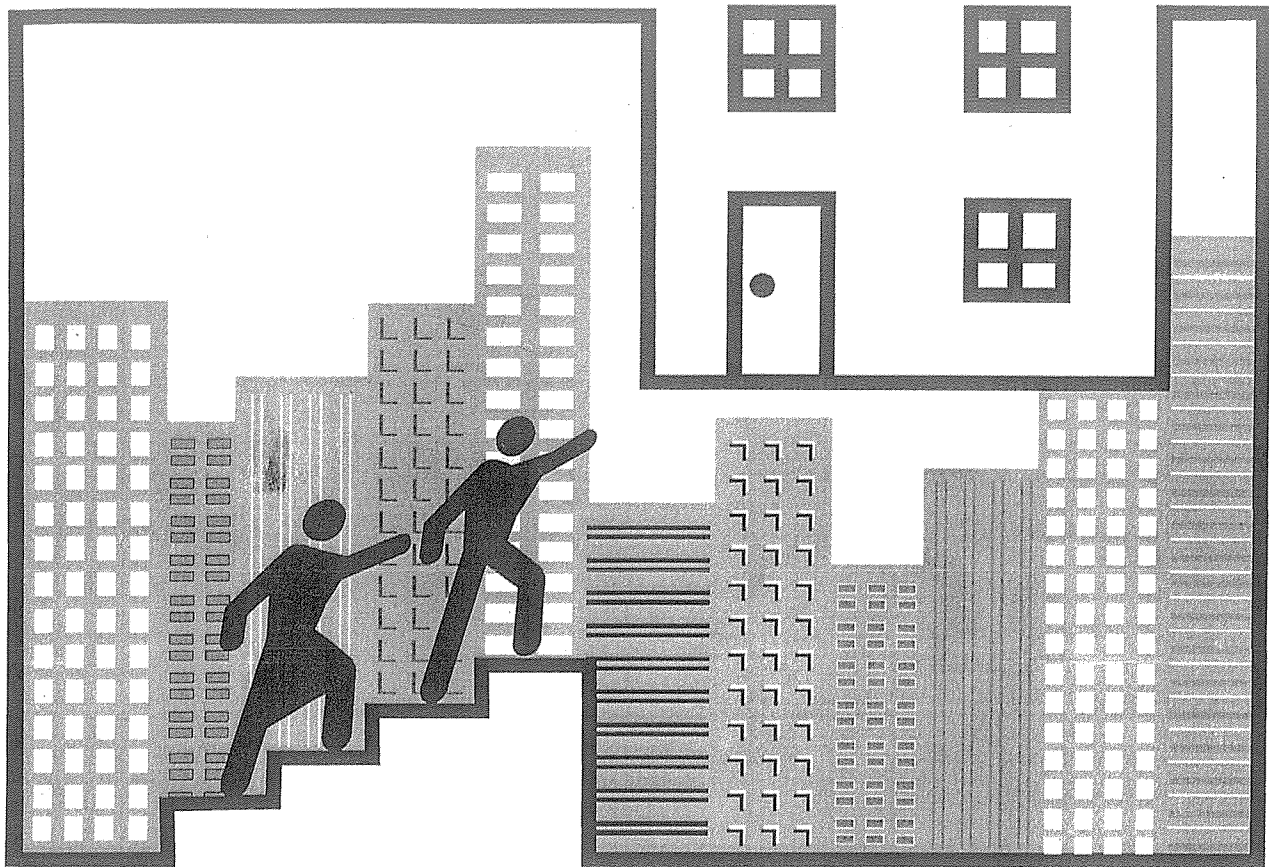
Harry Silver Apartments is a Limited Dividend housing company subject to the provisions of Article IV of the Private Housing Finance Law. This cooperative development was constructed in the early 1950's with private financing and received a real estate tax abatement, pursuant to Section 93 of the PHFL. In addition to the recent expiration of the housing company's tax abatement, the original mortgage obligation of the company has been satisfied.

While DHCR's supervision of Limited Dividend housing companies is similar to that performed for Mitchell-Lama (Article II of the PHFL) housing companies - i.e., setting rents and/or carrying charges, approval of contracts, management and financial oversight, etc... An added reason for DHCR mandated supervision of Mitchell-Lama(s) is to protect the State's mortgage investment in such developments. Notwithstanding the lack of a State financial interest in the Limited Dividend housing portfolio of which Harry Silver is part, such developments remain, by statute, subject to DHCR supervision.

As documented by records in our files, DHCR has continued its supervisory role with respect to the operation of Harry Silver Apartments. Over the years deficiencies have been noted by our Housing Management field staff with appropriate corrective recommendations and directives being made. Unfortunately, until recently many of these corrective recommendations have not been responded to by the housing company. We will continue our attempts to address these matters with representatives of Harry Silver, however resorting to extreme sanctions provided this agency pursuant to the statute may not be in the best interests of the State. The ultimate remedy, should the housing company continue to fail to adequately respond to DHCR directives, would be to commence action in State Supreme Court seeking appropriate relief, including the appointment of a receiver. Such an action, when there are no State funds or tax abatements at issue, would divert needed staff resources from other projects where there are State funds at issue.

Additionally, DHCR is presently working with the housing company and a bank to secure a loan for needed capital improvements. As a condition of the loan, DHCR will continue its supervision of Harry Silver Apartments for the next ten (10) years, the anticipated term of the loan.

We agree with the audit findings as the same issues had been previously identified by DHCR and DHCR had taken appropriate action before this audit began. It is the responsibility of the board and the managing agent to ensure that the audit recommendations are implemented. The housing company has recently selected a new managing agent. The audit findings and recommendations will be forwarded to them for implementation. Specifically, in response to the recommendations in the audit report, DHCR will continue to fulfill its statutory obligations and assist the new managing agents in meeting their commitments.



Affordable No More:

New York City's Looming Crisis in Mitchell-Lama and Limited Dividend Housing

**City of New York
Office of the Comptroller
Office of Policy Management**

William C. Thompson, Jr., Comptroller

February 18, 2004

Testimony for the City Council Committee on Housing, Monday, February 29, 2016
at Brooklyn Borough Hall

My name is Adele Niederman and I am president of Cooperators United for Mitchell-Lama (CU4ML). CU4ML members are residents and shareholders in Mitchell-Lama cooperatives and work to preserve Mitchell-Lama cooperatives as a vital part of the permanently affordable moderate-income housing in New York City.

Thank you for this opportunity to testify on an important issue in the campaign to preserve affordable housing. Thank you to Mr. Jumaane D. Williams, Chair of the City Council Committee on Housing and Buildings for conducting this hearing and a special note of appreciation to Borough President Eric Adams on hosting the Committee Hearing.

Mitchell-Lama co-ops are an excellent example ---when they are properly governed, managed and committed to remaining in the program -- of how co-ops can provide housing at an affordable price, while serving as anchors and assets in their neighborhoods.

We are limited equity co-ops of 86 distinct developments with 61,625 units. Since our creation in the 1950's, by bipartisan action of the Legislature, only 10 developments (5,808 units) have withdrawn from the program. Ten per cent of the original 96 developments have left the cooperative program whereas the rental program has been torn apart with great harm to those residents and their communities. We are Mitchell-Lama cooperatives. We are a testament to stable, diverse, cooperative communities that provide desirable housing.

Like all NYC real estate we are under tremendous pressure to privatize and we need protections to continue as Mitchell-Lama limited equity cooperatives.

We need help from the City Council to deal with three different types of problems confronting our cooperatives:

- The Department of Housing Preservation and Development needs to improve and upgrade their enforcement of regulations that govern Mitchell-Lama cooperatives.

- Boards of Directors and Management companies that pursue privatization in hopes of realizing personal profits must be restrained in their abuse of powers over the housing corporation.
- We need relief from Albany and urge the City Council to send a resolution to the State Legislature in support of bills that impose a moratorium on privatization efforts.

Issues for HPD and HCR:

We urge the City Council Housing Committee to insist that oversight agencies – NYS HCR and NYC HPD – intensify their monitoring of buildings in the midst of a privatization battles.

Prevent Article II to Article XI conversion. Article XI is an excellent method to assist small rental buildings that are in distress and need to find an ownership model. This option was never intended for large Mitchell-Lama developments. Article II to Article XI conversion is a back door way to privatization. It ultimately eliminates the waiting list and many truly affordable units. This alternate method was added to HPD regulations without a public hearing in 2011. So far only one Board has expressed interest even after taking a generous refinancing plan with HDC.

Verify primary residence and confirm that shareholders reside in their apartments. We are concerned with the number of undirected proxies presented during voting and the number of shareholders that do not live in their apartments. HPD and HCR need to conduct an audit of primary residence prior to major votes on privatization to preserve the integrity of the voting process. When CU4ML brought this issue to the attention of HPD we were told that it was up to residents to notify HPD of specific apartments where the shareholder was not residing. It is the responsibility of the supervising agencies to confirm that shareholders are residents. Individuals do not have the resources to mount this campaign.

Restrict windfall profits. Introduce and pass legislation that would recoup tax subsidies the co-ops enjoyed over their lifetime if they do privatize. The City Council Housing Committee should instruct the supervisory agencies, HCR and

HPD, to be more observant of **illegal warehousing** and the failure to sell all apartments up to the last day of the cooperative's existence as a Mitchell-Lama. Rules and laws need to prevent windfall profits by a few individuals after privatization. **These profits fly in the face of good public policy and preservation of affordable housing.** A Mitchell-Lama co-op that privatized and withdrew from the program in 2009 has financed their major repairs, and kept maintenance unusually low, by selling apartments owned by the corporation. In six years this co-op sold 29 apartments. 18 were private sales and 11 were corporate sales. 18 individuals walked away with windfall profits some making over one million dollars. The individual owners paid very little at the time of original purchase, maybe \$5000, and their maintenance was subsidized by New York City for close to 40 years. **Is this why the program was set up and nurtured all these years so 18 individuals could profit?** Please note that the 11 corporate sales indicate a good number of apartments were warehoused and were available to the housing corporation for rental and then sale on the private market.

Board Governance and Mismanagement by Realty Companies:

One of the first casualties of privatization is the sense of community and loss of democracy. Boards that previously might have governed well in an honest and transparent manner become dictatorial and secretive in their pursuit of leaving the Mitchell-Lama program.

Protect whistleblowers. Boards use confidentiality and non-disclosure agreements to prevent co-op wide discussions of Board actions.

We need better regulation to deal with conflict of interest of employees of Management companies that serve on Boards, or Board Committees, and influence contracts with commercial vendors or push Boards towards privatization.

Protect Free Speech and Assembly. Boards frequently restrict access to Community Rooms by resident groups that are critical of Board actions and oppose privatization.

Boards also restrict distribution of information and canvassing for political purposes if the resident groups oppose privatization.

Supervisory agencies have responded that shareholders must organize and elect shareholders to the Boards to influence and change these decisions. Unfortunately, a corporation does not really encourage democracy, and dissenting shareholders, those that favor preservation and staying in the ML program, have found it difficult to change Board composition because it is not a level playing field.

Protect whistleblowers. Boards use confidentiality and non-disclosure agreements to prevent co-op wide discussions of Board actions.

We need better regulation to deal with conflict of interest of employees of Management companies that serve on Boards, or Board Committees, and influence contracts with commercial vendors or push Boards towards privatization.

Protect Free Speech and Assembly.

Boards frequently restrict access to Community Rooms by resident groups that are critical of Board actions and oppose privatization.

Boards also restrict distribution of information and canvassing for political purposes if the resident groups oppose privatization.

Eliminate undirected proxies and aim to **reduce voting abuses** without suppressing votes. Improve protections of the secret ballot.

Eliminate voter intimidation by setting up more detailed voting procedures. For example, encourage absentee ballots, but insist that they be submitted to the election supervisors prior to the voting to prevent undue intimidation of voters.

Supervisory agencies have responded that shareholders must organize and elect shareholders to the Boards to influence and change these decisions. Unfortunately, a corporation does not really encourage democracy, and dissenting shareholders, those that favor preservation and staying in the ML program, have found it incredibly hard to elect candidates to the Board.

Resolutions in support of State Legislation:

We urge the Committee to adopt resolutions in support of State legislation that puts a moratorium on withdrawals from the Mitchell-Lama program. The following Bills have been introduced to the State Legislature: A0681/S3558, A3682, A560/S3590.

We ask the City Council to take a leadership role in the affordable housing effort and resolve to **ban efforts to privatize the Mitchell-Lama cooperatives.**

The New York City Council should set public policy for affordable housing and should not abandon this role to individual residents tempted with huge profits. The Mitchell-Lama program was a creation of the State Legislature and should not be ended by individual actions within co-ops. Sixty-four thousand, four hundred seventy six units can be preserved in perpetuity with progressive legislation and enforcement. With a stroke of his pen the Mayor is able to preserve more than a quarter of his goal of 200,000 units. **Take the leadership role in this fight.**

Adele Niederman
President, CU4ML
Cooperators United for Mitchell-Lama
65 West 90th Street, #26G
New York, NY 10024
646-704-4748
aniederman@aol.com

cu4ml.org

**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: Valanda Matthews

Address: 458 Chester St Apt B

I represent: NYCC + MAP

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: Suzanne Mishler + Edwin Hernandez

Address: 545 Neptune Ave Bklyn

I represent: W/1124

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: Pat Winslow

Address: 216 Rockaway

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: Cynthia March

Address: 445 Carlton Avenue

I represent: Me

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: CARMEN THIER

Address: 175 W 90 ST

I represent: Mitchell-Lewis Resident Coalition

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: ALEX McDONALD

Address: 101 CLARK STREET #13C

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:

LESLIE ANN STEWART

Address:

828 MIDWOOD STREET Apt 5B
11203

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: 2-29-2016

(PLEASE PRINT)

Name:

Alfie Davis - Searise T.A. Pres.

Address:

2750 W 33St

I represent:

Searise Tenant Ass. Inc.

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: _____

(PLEASE PRINT)

Name:

STUART ELLISON

Address:

525 NEPTUNE AVE #112 Bklyn NY
11224

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: 2/16

(PLEASE PRINT)

Name: JESSICA CLARKE

Address: 1092 GATES AVE Bklyn NY 11221

I represent: Self

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: 2-29-16

(PLEASE PRINT)

Name: Stephanie Joseph

Address: 518 Greene Ave

I represent: Tenants Rights

Address: 141 Livingston Ave LFT Court

Edonot work @ 141 I am a Tenant

**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: 2/29/16

(PLEASE PRINT)

Name: Richard Heitler on behalf of Christine Fowler

Address: 170 Ave C, #19G, NYC, NY 10009

I represent: Cooperators United for Mitchell-Lama

Address: 120 Wall St, 20th floor, NY, NY 10005

**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: 02-29-16

(PLEASE PRINT)

Name: Pima Watkins

Address: 21 St. James Pl 7th Bklyn 11205

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: Monica Sturcie

Address: 806 Midwood St 4D

I represent: "NHAAC" Mitchell Lane Action +

Address: Accountability
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: Betsy Eichler

Address: 777 10th Avenue

I represent: Housing Conservation Coordinators

Address: 777 10th Avenue NY NY 10019

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: Sharon Torres

Address: 101 Clark St Apt. 30J

I represent: Christine Fowler

Address: 101 Clark Street

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 5624A Res. No. _____

☒ in favor ☐ in opposition

Date: 2/29/16

(PLEASE PRINT)

Name: Ed Rosner

Address: 50 N. Moore St. NYC

I represent: NHRC

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: Gale A. Brewer, Manhattan BP

Address: 1 Centre St. 19th Floor

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: Julie Walpert

Address: 100 Gold Street

I represent: HPD Assistant Commissioner for

Address: Housing Supervision

**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: CARMEN PADI-LLA

Address: 54 BOERUM ST #3H Bklyn, NY 11206

I represent: Shareholder for the Betterment of

Address: LINDSAY PARK

**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: GEORGIANNA RANDOLPH

Address: 21 ST. JAMES PLACE

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: 2/29/2016

(PLEASE PRINT)

Name: LOUIS TOM RICCI

Address: 176 WEST 94TH ST, #10B

I represent: INDEPENDENCE HOUSE

Address: 176 WEST 94TH ST, NYC 10025

**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: 02/29/16

(PLEASE PRINT)

Name: ALEXANDER LIKAKH

Address: 2830 OCEAN PKWY, 22D, BK, NY 11233

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: 02/29/16

(PLEASE PRINT)

Name: GLORIA JOHN

Address: 636 BROOKLYN AVE 16B

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: 2-29-16

Name: Ida Fenner (PLEASE PRINT)

Address: 475 Carlton Ave. 7F

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: Pamela Lockley (PLEASE PRINT)

Address: 735 LINCOLN AVE. 11208

I represent: LINDEN PLAZA + M.A.A.C.

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: Mary deSuze (PLEASE PRINT)

Address: 765 Lincoln Ave, Bklyn NY

I represent: Linden Plaza / MAAAC

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: Mrs. Barbara Bing

Address: 31 Leonard St # 18H

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: 02/29/16

(PLEASE PRINT)
Name: Ziomara Pedrosa

Address: 31 Leonard St. Apt 18g

I represent: BKLYN, NY Lindsay Park Hous

Address: Corr

**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: Helen SALPETER

Address: 425 Neptune Ave Apt 126

I represent: My husband & self

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: Marion Goldberg

Address: 65 West 90th St Apt 7A NY NY 10024

I represent: persons in ML Coops with disabilities

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: 2-29-16

(PLEASE PRINT)

Name: Regina Manovic

Address: 2954 W 8th St. Bklyn 11224

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: 2-29-16

(PLEASE PRINT)

Name: Tina J. Regis

Address: 1118 36 Street Brooklyn ny 11218

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: 2/29/15

(PLEASE PRINT)

Name: Wondi Carlack

Address: 30 Montrose Ave

I represent: Lindsay Park residents

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: Jeane S. Pinfexter

Address: ~~444 W 120 St~~ 319 E 24th St

I represent: CU 4 rule Apt 28E

Address: U44B 120 Wall St NYC
10010

**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 JAIME

Address: 25 Boerum st Apt 15C Brooklyn NY

I represent: Shareholders for the betterment of

Address: LINDSAY PARK

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: Jane Lockley

Address: 735 Lincoln Ave #6

I represent: MAAC / Linden Plaza Tenant Assoc Council

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: 2/29/2016

(PLEASE PRINT)

Name: Kelly H. Matthews

Address: 545 Neptune Ave #15-C 11226

I represent: [Signature]

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: Jasmine Askeu

Address: 120 Wall Street Floor 20

I represent: CU4ML

Address: 120 Wall Street, Floor 20

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: 2/29/16

(PLEASE PRINT)

Name: Bernardo Rubie / Harold K. Rubie

Address: 54 Borden St - 3F

I represent: self & son

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: Elaine Jack Son

Address: 168-60 127th Ave. Jamaica, NY 11434

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: 2/29/16

(PLEASE PRINT)

Name: Michele Hall 11434

Address: 134-25 166 PL #8C JAM NY

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: _____

Address: _____

I represent: _____

Address: _____

TIGER PAUL SCHUBERT

Solver Gov. problems with contacts
347-484-6920

\$ nycexpediter@earthlink.net

**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: Shelley Holtzberg

Address: 10 Clinton St Apt 11N

I represent: Calman Towers

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: 2/20/14

(PLEASE PRINT)

Name: Naomi Chapelle

Address: 54 Boerum St #130

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: 2-29-16

(PLEASE PRINT)

Name: Sharon L. Irby Randall

Address: 31 LEONARD ST, BKLYN NY 11207

I represent: Linkaey PK Co-op

Address: 202 Union St. Bklyn NY 11207

**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 Stickney

Address: 21 / St. JAMES PLACE

I represent: myself

Address: St. JAMES TOWERS

**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: 2/29/16

(PLEASE PRINT)

Name: Jen Bernick

Address: Tenants & Neighbors

I represent: 255 W. 36th St. Suite 505 Brooklyn

Address: New York, NY 11218

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: Fredrica Dickenson

Address: 21 ST James Pl apt 8K Bklyn NY 11263

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: MARY FOUTZ

Address: 101 CLARK 26E BKLYN

I represent: _____

Address: _____

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