

Abandonment In 2003

by {ga=rwebber}

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A residential building is abandoned almost every day in New York City. Its owners stops paying real estate taxes, or water or sewer charges, or refuses to make needed repairs. Most abandoned buildings are occupied, and tenants are left to fend for themselves.

While the city goes to great lengths to prevent [abandonment](#) – offering educational seminars, installment plans and low-interest loans to owners whose buildings are in distress – it still sees hundreds of properties each year whose owners have essentially walked away. When all other efforts fail, these properties become part of the city’s

[Third Party Transfer Program](#)

, and are placed into responsible new hands.

First, the city convinces a court that the owners have been too long negligent. Then owners have a few months to make amends – by paying the tax arrears and adhering to a repair schedule. If they don’t, the city transfers the properties to a holding company which helps new owners, selected by the city [Department of Housing Preservation and Development](#) and approved by the

[City Council](#)

, plan rehabilitation and financing. Within a year, the holding company releases the property to the new owners.

So far, 214 properties have passed through the program, with another 100 to be transferred in November. More than 300 are scheduled for the next round. City administrators are pleased with the progress.

“Buildings are flowing through the program nicely,” said Michael Bosnick, assistant commissioner of the anti-abandonment program of the city’s Department of Housing Preservation and Development. “And we certainly don’t hear a lot of tenant complaints.”

The program has even won a few “good government” awards, and it is undoubtedly better than the system in place in the 1970s and 80s when a wave of abandonment orphaned more than

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355,000 housing units. The city took over their management, becoming its own biggest slumlord, since abandoned housing tends to have the worst maintenance problems and the poorest tenants.

Owning these apartments turned out to be very costly for the city and Mayor Rudy Giuliani wanted to change the system. So the [city started selling off the properties](#) (in pdf format) and is down to fewer than 6,500. And a number of new mechanisms were put into place to ensure that no new properties would come under city management.

Now, anti-abandonment measures kick in at the first hint of trouble – a few quarters of tax lateness or a disturbing trend of tenant calls to 311. The city contracts with “[neighborhood preservation consultants](#),” who reach out to troubled property owners. The consultants, often pre-existing not-for-profit housing groups, might help owners apply for loans so they can pay for repairs or conduct seminars to educate owners about managing and maintaining their properties.

Those who stay on the path to abandonment, are often one of two groups, says Lisa Nicole Grist, executive director of [Neighbors Helping Neighbors](#), a neighborhood preservation consultant in Sunset Park, Brooklyn. They may have inherited a building that they cannot handle, financially, or physically. Or, they may have owned the building for awhile then faced a drastic life change— illness, infirmity, or a financial crisis – and are suddenly in over their heads.

Troubled owners of non-distressed properties may face the sale of their tax lien to private investors who try to collect or else foreclose on the properties. Owners whose buildings need major maintenance can be hauled into court and ordered to commit to a repair schedule, or a judge can appoint an administrator to collect rents and apply them to maintenance. And for the worst case scenarios, for distressed properties that also have tax liens, the city can seek in rem tax foreclosure and place them in the Third Party Transfer program.

About 75 percent of owners who stand to lose their property to transfer manage to pay their debts and make the repairs. The remaining 25 percent who do lose their properties, “fall into two categories,” said Bosnick. “Those who have already given up on the properties, and those who are really not happy about losing them.” Unlike in the 1970s and 1980s, when widespread abandonment corresponded to a declining population and fewer jobs, today’s abandoners tend to be relative newcomers to the market and owners of smaller buildings (especially those containing one to four units.) With no experience in housing management, many are

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overwhelmed by the city's complex housing regulations and the economic realities of smaller buildings.

"Smaller buildings are the most challenging to run," says Brosnick. "If two of your tenants aren't paying rent, and you only have eight units, you're in trouble. But if you have a 25-unit building, you have more leeway."

Still, he said, "housing has become a much more valuable commodity, even at the lower end of the market, so now you see less outright abandonment. But at the bottom of the market, you see a tendency to cut back on services, to get behind on maintenance and maybe also on taxes."

In Sunset Park, Brooklyn, Neighbors Helping Neighbors often encounters "buildings in which the tenants feel like they have been abandoned, because the owner has stopped providing services," says Grist. "In fact, owners have no intention of walking away; they just hope the tenants will walk away."

Tales of landlords angling for tenants with deeper pockets are legion, but New York's aging housing stock – more than 60 percent of residential buildings were built before 1947 – often needs costly repairs. And with property taxes on the rise too, the anti-abandonment office may soon be busier than ever.

Rebecca Webber is a journalist who has covered housing issues for Gotham Gazette since July 2000.