

Is Washington Looking To Get Out Of Subsidizing Low-Income Housing In NYC?

by {ga=blander}

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This past summer, 75 Bronx families in the Pueblo de Mayaguez housing development were heartened when help seemed to be on the way. After many years of deteriorating building conditions, the United States Department of Housing and Urban Development (HUD) was planning to take the three buildings away from its owner through foreclosure. Tenants asked for the right to buy the buildings as a cooperative.

Instead, the federal agency sold the buildings at public auction for \$4.7 million to a landlord with over 1,000 violations on the 11 small buildings he already owns. The apartments will no longer be preserved as guaranteed affordable housing, and the new owner will face less scrutiny.

The Department of Housing and Urban Development turned down the tenants' request even though New York's local housing agencies supported their bid, supposedly because the city and the tenants expressed their interest too late. But advocates claim that the federal agency allowed an even later bid in Newark, and that Dallas and Boston have received warmer treatment.

New York City may get the cold shoulder again in three additional developments in Brooklyn and Harlem that are facing foreclosure. Residents of these building are now scrambling to put together a proposal that the city can take to the federal agency. But they fear that there will be a repeat of what happened at Pueblo de Mayaguez -- the agency will again take the properties to auction and sell them to the highest bidder, without taking the purchaser's track record into account. "We were in shock when we received the notice of foreclosure," says long-time tenant N. Abdullah of Gates-Patchen Houses in Bedford-Stuyvesant. "We want to have a say in who comes in to purchase. But it seems as if HUD is trying to push us out of the building, to get the building off their hands. If we were facing eviction for non-payment, we would at least have our day in court. But HUD doesn't want to listen to us, or even tell us what is going on."

If this is a pattern, it could put at risk 20,000 apartments of federally-subsidized affordable housing for low-income families, primarily in high-poverty neighborhoods in central Brooklyn, the South Bronx, and Staten Island.

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Little attention has been paid to this growing problem of "fail-outs," when landlord neglect and deteriorating building conditions lead the federal housing agency to cancel its subsidy. The risk of "fail-outs" has grown in part because the Department of Housing and Urban Development has gotten more aggressive in its approach to distressed projects in the past year, supposedly, according to an agency memo, in order to "ensure the properties are decent, safe, sanitary, and in good repair."

But advocates see a more nefarious purpose. Noting that one of the Bush Administration's top strategies for reining in costs in the federal budget is [reportedly](#) to shed the cost of housing subsidy contracts, they suspect that Washington is looking to balance the budget at the expense of vulnerable tenants, in low-income neighborhoods, in a state that President George Bush has little hope of winning when he runs for re-election. "HUD has allowed these owners to keep the subsidy funds - misused, misappropriated - for years, letting them walk away with the money" says Bronx Legal Aid attorney Ellen Davidson. "Why not make owners reinvest in the property?"

Tenants fear that foreclosure could result in a new slumlord owning their building, and the cancellation of their building's subsidy contract with the Department of Housing and Urban Development. When that happens, many income-eligible tenants receive housing subsidy vouchers, which they can continue to use in the building or take elsewhere. However, for a variety of reasons, many are screened out and do not receive vouchers. In addition, the entire voucher program is now threatened with reduction or elimination almost every year during federal budget negotiations.

Many tenants in these buildings are eager for change after years of neglect. "Our building has been allowed to literally fall apart," says Kim Smith, a tenant leader at Ennis Francis Houses in Harlem, "with no heat, no hot water, mold and mildew, and part of the plumbing system totally collapsed. We want the current management out." But they also want a say in what happens. "We are afraid that any slumlord could come along and buy our building. In the midst of this second Harlem Renaissance, can we please both get renovations and keep our subsidies?"

There are some bright spots, which show how "fail-outs" can become a win/win that preserves affordable housing and strengthens communities. Working with the 465 families at the Dr. Betty Shabazz Complex and Medgar Evers Houses in Brooklyn, a number of non-profit agencies acquired the two developments to preserve them as affordable housing - owned by a newly created not-for-profit that includes the tenants. Residents at the Diego-Beekman properties in the South Bronx are working on a similar workout.

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But a real solution would take comprehensive and coordinated action. In the past, the city has not generally been eager to take the lead in this effort, since they do not want to foot the bill if the federal government withdraws funding. But now the city is seeking to arrange successful workouts on several properties, and tenants say they are waiting for the Department of Housing and Urban Development to meet them halfway.

New York City's housing developers, advocates, and community organizations have thrived despite a massive reduction in federal resources for building affordable housing over the past 30 years. Few suspected that they would need to fight for the preservation of federally-subsidized affordable housing in the city's lowest income neighborhoods.

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