

Cooperators United for Mitchell-Lama Speaks for the Co-ops

Jeanne S. Poindexter

A general membership meeting of Cooperators United for Mitchell-Lama (CU4ML) was held at Community Service Society in Manhattan on Feb. 6, 2010. The meeting was part of CU4ML's continuing effort to remedy the need for shareholder awareness of the roles and rules of the supervising agencies. Its purpose was to provide progress reports of the organization's first year of activities, as well as an opportunity for members to listen and talk to representatives of HPD and DHCR, the agencies responsible for supervising many aspects of the operation of M-L co-ops. Despite the threat of heavy snow, the meeting room overflowed with CU4ML members and friends. Only one of the four invited speakers was kept away by the snow, and several elected officials including State Senator Bill Perkins, State Assemblymember Linda Rosenthal, and City Councilmember Gail Brewer attended and delivered impromptu statements.

In welcoming attendees, CU4ML president Jeanne Poindexter suggested that CU4ML's major achievement in its first year has been raising awareness that, within the cooperatives, there is significant resistance to withdrawal from M-L. The best resistance to withdrawal has been evident in those co-ops that haven't even considered taking the windfall-profit-maybe bait called privatization. On the other hand, a few co-ops have become ensnared in "The Process" that will consume several years and hundreds of thousands of dollars of their corporate funds – to the neglect of their developments. However, she saw one good sign:

While three coops voted themselves out of affordability in 2007 and two more did so in 2008, and although at least four are currently mired along the slippery slope of "The Process,"
not one cooperative voted itself out of the Mitchell-Lama Program in 2009.

During its first year of formal existence, CU4ML's major activities have given voice to this resistance. In 2009, CU4ML delegations appeared and testified at several public hearing venues – before supervisory agencies regarding proposed revisions of M-L regulations, before NY State senate and assembly committees regarding proposed bills directly affecting the M-L co-ops, and before the NYC Council's housing committee regarding oversight of HPD. Individual members and delegations also conferred with elected officials of the state and the city, and participated actively in the Borough Presidents' M-L task forces.

Details were described by the heads of CU4ML's standing committees. Bernie Cylich (Co-Op City, Membership committee) reported that in the first year, CU4ML membership grew from 75 to 162 members. Membership now includes shareholders from 32 (36%) of the City's 89 M-L co-ops; the 32 co-ops contain 42,248 (66%) of the City's 63,612 M-L co-op apartments. Joan Meyler (Cadman Towers, Legislative committee) described two principal bills CU4ML is supporting in the State legislature: a bill to prevent withdrawals of M-L co-ops until their real estate tax abatement expires (more than 40 years in the future), and a bill to prohibit the use of proxy voting in the co-ops on all issues. Mike Altman (Southbridge Towers, Education committee) invited attendees to pick up a copy of "A Guide for Saving

Mitchell-Lama Cooperative Housing” prepared by Christine Fowley (Cadman Towers). He also recommended that troubled co-ops invite speakers from CU4ML to visit their developments and explain the process and consequences of privatization, or to provide comments on offering plans for conversion to market-rate, privatized housing. Dan DeSloover (UHAB) and Claire Fontaine (Village East Towers) demonstrated the new web site at www.CU4ML.org, where a pdf file of the “Guide” is available at the Resources page.

The remainder of the meeting was devoted to presentations by and exchanges with agency representatives. From HPD, Douglas Apple, First Deputy Commissioner, and Gary Sloman, Housing Supervision, insisted that the agency is determined to preserve the M-L co-ops, although not to develop any new ones. HPD plans to provide additional incentives for the co-ops to stay in Mitchell-Lama, and CU4ML was invited to comment on HPD’s planned incentives.

Because Richmond McCurnin, Assistant Commissioner, was unable to get through the snow, Sheldon Melnitsky, Principal Attorney, alone represented DHCR. Questions, comments and responses were similar to the exchanges regarding HPD’s roles and responsibilities, and DHCR is apparently now revising its rules on dissolution to better monitor and regulate the process.

Both CU4ML and its guests from the agencies indicated strong interest in continuing this dialogue, and additional meetings of agency personnel and CU4ML delegations have been planned, as well as further meetings with legislators.

In a meeting in mid-February, CU4ML was asked whether its resistance to privatization is representative of the attitude of a significant proportion of M-L cooperators. Rather than offer mushy impressions, CU4ML consulted HDC to learn the response of cooperatives to the HDC Preservation Program established in 2004. The program offers mortgage restructuring and/or major repair loans to HPD-supervised M-L developments [and may be extended to DHCR co-ops], and requires commitment of the development (co-op or rental) to remain in M-L for 10, 15 or 20 years, depending on the terms of the financial assistance provided. Although not all co-ops have needed refinancing or major repairs, 24 of the 65 co-ops eligible in 2004 have accepted assistance and committed to remain in M-L through the program, and a 25th recommitted through another type of financing. Together, these 25 co-ops contain 40 % of the eligible apartments. In contrast, only three of those 65 co-ops (with less than 2% of the eligible apartments) have ended their commitment and withdrawn from M-L.

These simple, unadorned numbers indicate that a substantial financial incentive such as HDC’s program will effectively preserve co-ops, and that a large constituency of cooperators strongly prefers the M-L Program over conversion of their homes to market-rate, privatized co-ops unaffordable for them and for the thousands of New Yorkers on the M-L waiting lists. It indicates further that, in its opposition to privatization, CU4ML provides a valid, representative voice for NYC’s M-L cooperators.