



CITY OF NEW YORK
MANHATTAN COMMUNITY BOARD 10
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Manhattan Community Board 10 Resolution Addressing HPD's Proposed New Regulatory Agreement

WHEREAS, since the inception of the Housing Development Fund Corporation (“HDFC”) cooperative program in the 1970s, over 25,000 HDFC income-restricted, affordable coop units in 1,200 buildings have been introduced into the NYC housing market, forming a significant part of the fabric of New York City’s affordable housing; and

WHEREAS, the owner/shareholders of affordable HDFC cooperatives have invested significant time, resources and “sweat equity” in buildings and dwelling units once considered derelict, distressed and/or abandoned by private or public owners; and

WHEREAS, HDFC cooperative buildings and their resident shareholders have benefitted from reduced real estate taxes and other benefits under Article XI of the Private Housing Finance Law (“DAMP”); and

WHEREAS, in exchange for these benefits, HDFC cooperatives operate with certain rental and sale restrictions and are overseen and regulated by the New York City Department of Housing Preservation and Development (“HPD”) pursuant to “Regulatory Agreements;” and

WHEREAS, HPD is proposing significant changes to the oversight of HDFC cooperatives through revised Regulatory Agreements that seek to impose restrictions including, but are not limited to, resale restrictions, flip taxes, 18-month sublet limits, purchaser asset caps, secondary property ownership restrictions, annual 2% maintenance increases, HPD-approved monitors, and HPD-approved property managers, and maintain and preserve the long-term affordability of limited equity cooperatives; and

WHEREAS, HPD further proposes that certain HDFC units can be “carved out” of the sale price restrictions and asset caps for prospective buyers, thus creating two tiers of ownership within the HDFC housing program; and

WHEREAS, the HDFC Sub-committee has found that while not all shareholders oppose the new proposed Regulatory Agreement in its entirety, most do have concerns regarding certain critical elements of the proposal; and

WHEREAS, at least three quarters (3/4) of HDFCs are operating successfully without HPD oversight, and do not require the same level of counseling, oversight and day-to-day monitoring as “distressed” HDFCs; and

WHEREAS, the most common concerns and complaints expressed by the HDFC shareholders is that the proposed Regulatory Agreement is “one size fits all” and that HPD’s process of developing the revised Regulatory Agreement (which HPD supposedly undertook with the input of a Taskforce consisting of non-profits and unnamed shareholders), lacks transparency and has been shrouded in “mystery, rumor, judgment and innuendo”; and

WHEREAS, HDFC unit shareholders have expressed to HPD that the proposed revised Regulatory Agreement does not sufficiently consider that self-determination and independent decision making is an integral part of a true homeowner’s responsibilities, rights and involvement; and

THEREFORE, IT IS HEREBY RESOLVED THAT, that Manhattan Community Board 10 calls upon HPD to eliminate the “one-size-fits-all” nature of its proposed Regulatory Agreement, and develop a Regulatory Agreement that provides supportive programs and technical assistance to those cooperatives that are viewed to be “failing buildings” while not imposing the same level of oversight and monitoring on those buildings that are being successfully run and operated; and

FURTHER RESOLVED THAT, Manhattan Community Board 10 calls upon HPD to eliminate the “carve out” option which will create a two-tier resale option in its proposed new Regulatory Agreement; and

FURTHER RESOLVED THAT, Manhattan Community Board 10 calls on HPD to temporarily pause the drive for the New York City Council to accept and approve the proposed Regulatory Agreement until such time as there has been greater inclusion of and participation by HDFC shareholders in the process in order to ensure that all shareholders concerns are addressed; and

FURTHER RESOLVED THAT, Manhattan Community Board 10 calls on HPD to eliminate from its proposed Regulatory Agreement any requirement or condition regarding the early sunset of “DAMP” benefits before the scheduled expiration of these benefits in the year 2029 should an HDFC “opt out” of signing the proposed agreement; and

FURTHER RESOLVED THAT, Manhattan Community Board 10 join with the Hon. Bill Perkins, Council Member, 9th District, and other members of the Manhattan Delegation of the New York City Council (Hon. Margaret Chin, Hon. Rosie Mendez, Hon. Corey Johnson, Hon. Daniel Garodnick, Hon. Ben Kallos, Hon. Mark Levine, and Hon. Ydanis Rodriguez) in calling upon HPD (as in their joint letter written to Commissioner Maria Torres-Springer) to “temporarily halt” moving forward with this proposed Regulatory Agreement “to ensure more meaningful input from current HDFC shareholders” and to create and implement “one that strengthens and preserves these affordable homes for years to come.”

BE IT FURTHER RESOLVED THAT, On June 7, 2017, Manhattan Community Board 10 supports the aforementioned resolution with a vote of 36 in favor 0 opposed.