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THE COUNCIL  
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STATE AND FEDERAL LEGISLATION

September 28, 2017

Bill DeBlasio, Mayor  
City of New York  
City Hall  
New York, NY 10007

Dear Mayor DeBlasio:

Housing Development Funding Corporations (HDFCs) are a long-running City program that created affordable housing ownership in distressed communities. We Council Members are concerned about the imminent danger to many of these HDFC homeowners. The city is going through the process of foreclosure and enacting Third Party Transfer (TPT) on HDFC shareholders that have struggled. The shareholders will lose all equity and be turned into renters. Many will not be able to afford the new rents. We call for a moratorium on the Citywide foreclosure/TPT on affordable housing owners in order to give the City time to figure out which HDFCs, with assistance, can survive as HDFCs.

Along with my colleagues, I am requesting that affordable home ownership be given a priority over the City process of foreclosure/TPT. We ask that this priority be communicated to the relevant city agencies, HPD, DEP, DOF and DOL. We ask that a task force, including representatives of the people affected, and community leaders, be gotten together to help save these distressed HDFCs. About 84 HDFC buildings remain on the list. These HDFCs represent approximately \$90 million in market value and are comprised of 1,940 HDFC residential units citywide. If we apply the Mayor's stated apartment Formula of 2.6 occupants per unit, we calculate approximately 5,044 New Yorkers losing benefits of affordable home ownership

New York City created the HDFC program to sell bankrupt and failing buildings to residents willing to remain in these troubled neighborhoods. Over 1,200 buildings have become HDFCs over time, incorporated under Article XI of the Private Housing Finance Law. Many had 25-year regulatory agreements between HPD and the owners that included receiving tax-breaks while paying back up to 40% of profits from sales, limiting income-levels of buyers, etc. Unfortunately, for the next few decades, when the approximately 30% of buildings that experienced management and structural problems approached HPD for assistance, they were told that because they were private corporations, the city could not intervene. Much of the problems stem from HPD's refusal/lack of resources to use existing enforcement power granted to them by state law. The few months since the TPT list was released has not been enough time for an accounting. Before removing ownership from this vulnerable population, we ask for data on the buildings and shareholders to be collected, the histories discovered, and the home owners to be consulted.

Thank you,

  
Bill Perkins, Councilperson