

Manhattan Community Board 10

Resolution Addressing HPD's Proposed New Regulatory Agreement

1. 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
2. WHEREAS, the owner/shareholders of affordable HDFC cooperatives have invested significant amounts of time, resources and "sweat equity" in buildings and dwelling units once considered derelict, distressed and/or abandoned by private or public owners; and
3. 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
4. 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
5. WHEREAS, HPD is proposing significant changes to the oversight of HDFC cooperatives through revised Regulatory Agreements that seek to maintain and preserve the long-term affordability of limited equity cooperatives; and
6. WHEREAS, HPD's proposed revised Regulatory Agreement would 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

7. 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
8. WHEREAS, the HDFC Sub-committee of the Community Board 10 Housing Committee (“HDFC Sub-committee”) has held informational and advisory forums for HDFC coop shareholders to hear their concerns and questions regarding the proposed new Regulatory Agreement; and
9. WHEREAS, after meeting with HDFC coop shareholders in Central Harlem, holding informational events and issuing a questionnaire to shareholders, 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 elements of the proposal; and
10. 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
11. WHEREAS, the most common concerns and complaints expressed by the HDFC shareholders to the HDFC Sub-committee 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
12. WHEREAS, HDFC unit shareholders have expressed to HPD and to the HDFC Sub-committee 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
13. WHEREAS, Manhattan Community Board 10, while understanding HPD’s goals in seeking a new Regulatory Agreement, is sensitive to HDFC shareholder concerns about the need for greater shareholder input into the process to ensure that HPD fairly and properly considers their home ownership experience and how the proposed changes will affect their lives.

- 14.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 much-needed 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
- 15.FURTHER RESOLVED THAT,** Manhattan Community Board 10 calls upon HPD to eliminate the “carve out” option in its proposed new Regulatory Agreement, and
- 16.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 and voices are heard before implementing regulations that will profoundly affect their primary asset and home.